



# City of Cumberland Maryland



City Hall Office Building, North Liberty Street

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2008*

# **Comprehensive Annual Financial Report**

*of the*

## **City of Cumberland Maryland**

*For the Fiscal Year Ended June 30, 2008*

**MAYOR**  
Lee N. Fiedler

### **COUNCIL MEMBERS**

Floyd "Pete" Elliott  
Harold "Butch" Hendershot

Brian K. Grim  
Mary Beth Pirolozzi

**CITY ADMINISTRATOR**  
Jeffrey E. Repp

*Prepared By:*  
*Joseph D. Urban, CPA, Comptroller*

***City of Cumberland***  
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# **Introductory Section**



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January 28, 2009

To the Honorable Mayor, Members of the City Council,  
and Citizens of the City of Cumberland, Maryland

State law requires that all general purpose local governments publish at the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for the City of Cumberland, Maryland, for the year ended June 30, 2008.

This report consists of management's representations concerning the finances of the City of Cumberland. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Cumberland has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Cumberland's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Cumberland's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Turnbull, Hoover & Kahl, PA., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Cumberland, Maryland for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with emphasis on internal controls and legal

requirements involving the administration of federal awards. These reports are available in the City of Cumberland's separately issued Single Audit Report.

The Management Discussion and Analysis portion of the financial statements provides greater detail regarding management's discussion of the financial condition of the City and what has transpired during fiscal year 2008. This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### *Profile of the Government*

The City of Cumberland is empowered to levying a property tax on both real and personal properties located within its boundaries. The City is also empowered by the state to extend its corporate limits by annexation, which occurs periodically when deemed necessary by the Mayor and Council. The Mayor and Council are responsible for the passing of ordinances, adopting the budget, appointing committees, and hiring both the City Administrator and the City Solicitor. The City Administrator is responsible for carrying out the policies and ordinances of the Mayor and Council, for overseeing day-to-day operations of the city government, and for appointing the heads of the various departments.

The City of Cumberland provides a full range of services, including water, sewer, refuse, streets and drainage, recreation and parks, police, fire, planning and zoning, and community development. The cities schools and library are operated by Allegany County, Maryland.

The City of Cumberland was incorporated in 1815. Its legal authority is derived from Article XI-E of the State Constitution and Article 23-A of the Annotated Code of Maryland. Cumberland has an estimated population of 20,758 and a land area of 9.1 square miles. The City has operated under the Council-Manager form of government since 1981.

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within the City of Cumberland operates.

### *Economic Condition and Outlook*

Cumberland is located in Allegany County of Western Maryland, equidistant from Washington, DC, Baltimore, MD, and Pittsburgh, PA. Economically, Cumberland closely resembles the Monongahela Valley (Mon. Valley) Industrial region of Western Pennsylvania and Northern West Virginia more than it does the rest of the state of Maryland. Like the Monongahela Valley, Allegany County experienced a rapid decline in high-paying manufacturing jobs during the 1980's. These losses were aggravated by the closure of Kelly Springfield (Tires), Celanese (Chemicals), and Pittsburgh Plate Glass. However, three major industrial employers: Alliant Tech (Rocket Center, MD), CSX (Cumberland, MD), and Westvaco (Luke, MD), continue to function within the region. The economy and unemployment rate of Allegany County have stabilized with a slight increase in the unemployment rates from 5.2% in 2007 to 5.5% in 2008.

This stabilization of employment has created a greater diversified job segment and has allowed for jobs in the service, retail trade and government sectors to expand and fortify the regions economy outside of the manufacturing industry. However, the region has not completely abandoned its manufacturing past, as it has been able to attract a number of light manufactures in (Hunter Douglas) and (Bayliner), along with service industries (Biospherics) and (Litton



Industries), as well as government employers Western Correctional Institute, the Federal Correctional Institute and North Branch Correctional Institute.

Even with the regions increased job opportunities and stabilized economy, median household income has remained stagnant as compared to the rest of Maryland as the State's median household income increased from \$48,550 in 1997 to \$68,080 in 2007. While Allegany County has seen its median household income increase, it still lags greatly behind the rest of the State with income of \$29,050 in 1997 to \$38,050 in 2007. The reason for this is because, although the region has seen an influx of job opportunities, these jobs are consistently lower paying than the previous high-paying manufacturing jobs of the 1980's. These economic circumstances are particularly reflected within the families of the lower end of the economic ladder. According to the 1990 U.S Census, Allegany County poverty stood at 16.5% for all residents and 24.2% for children under the age of 18. It would be expected that the increased job opportunities and stabilized unemployment rate would drastically reduce these poverty numbers, however, according to the 2000 U.S. Census, the poverty numbers have not declined; in fact, they have risen. The 2000 Census listed the overall poverty rate for Allegany County as 19.8% and 29.4% for children under the age of 18. With the regions continued economic development and continuing stabilized economy, specifically over the past five years, it is expected that these numbers will drastically decline with the 2010 Census.

#### *Significant Financial Policies*

The City has a conservative approach to investment management wherein there is a balance between maximizing return on its investments and ensuring that its investments are properly secured. To achieve this goal, the City has an investment policy that is consistent with Maryland Law and requires collateralization of 102% of market value of investments. With the exception of direct purchase of U.S. Treasury's, no more than 90% of the City's total investments may be placed at the Maryland Local Government Investment Pool and no more than 70% of the City's total investment may be placed at any one financial institution. Consistent implementation of this policy when the market is experiencing moments of volatility has preserved the foundation of the City investments. This policy is described in greater detail in Note #2 to the city's financial statement, titled "Cash and Investments."

#### *Long Term Planning*

In June 2005, the City issued its "Sustainable Economic Development Strategic Plan" that defined a program focusing the City's resources on actions that can most effectively promote a more prosperous economy. The City has made positive steps in advancing this plan with the creation and hiring of an economic development specialist and the recent hire of a city planner. The plan is available at the City's web site [www.ci.cumberland.md.us](http://www.ci.cumberland.md.us).

The financial strength of the City has allowed the City to issue \$4.5 million in general obligation bonds in FY 2007. The main purpose of the bond is to fund major improvements to the City buildings and infrastructure, including George Street Garage. Revenues collected from the Parking garage will assist in repayments of the general obligation bonds.

The Western Maryland Health System is proceeding with a project cost exceeding \$268 million for the construction of a new hospital and the relocation of its administrative offices, which will all be located within the City of Cumberland. This construction project and the operation of the new hospital are expected to have a positive impact on the City's economic growth.

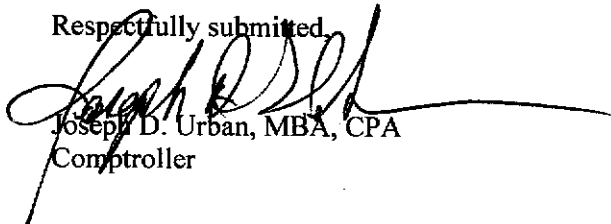
### *Awards and Acknowledgements*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the first year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Office and the Tax and Utility Office. I wish to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the City Administrator and the Mayor and City Council for their support in maintaining the highest standards of professionalism in the management of the City of Cumberland's finances.

Respectfully submitted,



Joseph D. Urban, MBA, CPA  
Comptroller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cumberland  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emen*

Executive Director

## City of Cumberland, Maryland

### List of Elected Officials and Administrators with contact information

#### Central Contact Information:

City of Cumberland  
PO Box 1702  
57 North Liberty Street  
Cumberland, Maryland  
21501-1702  
(301) 722-2000

#### Mayor and Council:

Lee N. Fiedler, Mayor  
[lfiedler@ci.cumberland.md.us](mailto:lfiedler@ci.cumberland.md.us)

Floyd "Pete" Elliott, Councilman  
[felliott@ci.cumberland.md.us](mailto:felliott@ci.cumberland.md.us)

Brian K. Grim, Councilman  
[bgrim@ci.cumberland.md.us](mailto:bgrim@ci.cumberland.md.us)

Harold "Butch" Hendershot, Councilman  
[hhendershot@ci.cumberland.md.us](mailto:hhendershot@ci.cumberland.md.us)

Mary Beth Pirolozzi, Councilman  
[mbpirolozzi@ci.cumberland.md.us](mailto:mbpirolozzi@ci.cumberland.md.us)

#### Administration:

Jeffrey E. Repp, City Administrator  
[jrepp@ci.cumberland.md.us](mailto:jrepp@ci.cumberland.md.us)

Margie Eirich, City Clerk  
[meirich@ci.cumberland.md.us](mailto:meirich@ci.cumberland.md.us)

Brenda Smith, Economic Development  
[brendasmith@allconet.org](mailto:brendasmith@allconet.org)

Human Resources  
April Howser  
[ahowser@ci.cumberland.md.us](mailto:ahowser@ci.cumberland.md.us)

## City of Cumberland, Maryland

### List of Elected Officials and Administrators with contact information (continued)

Fire Department  
Chief William G. Herbaugh  
[wherbaugh@ci.cumberland.md.us](mailto:wherbaugh@ci.cumberland.md.us)

Police Department  
Chief Charles Hinnant  
[chinnant@ci.cumberland.md.us](mailto:chinnant@ci.cumberland.md.us)

#### Public Works:

Engineering  
John DiFonzo  
[jdifonzo@ci.cumberland.md.us](mailto:jdifonzo@ci.cumberland.md.us)

Maintenance  
John Chapman  
[jchapman@ci.cumberland.md.us](mailto:jchapman@ci.cumberland.md.us)

Utilities  
Fred Streett  
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#### Administrative Services:

Director  
Jeffrey D. Rhodes  
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Community Development  
Jay Oliver  
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Finance and Collections  
Joseph D. Urban  
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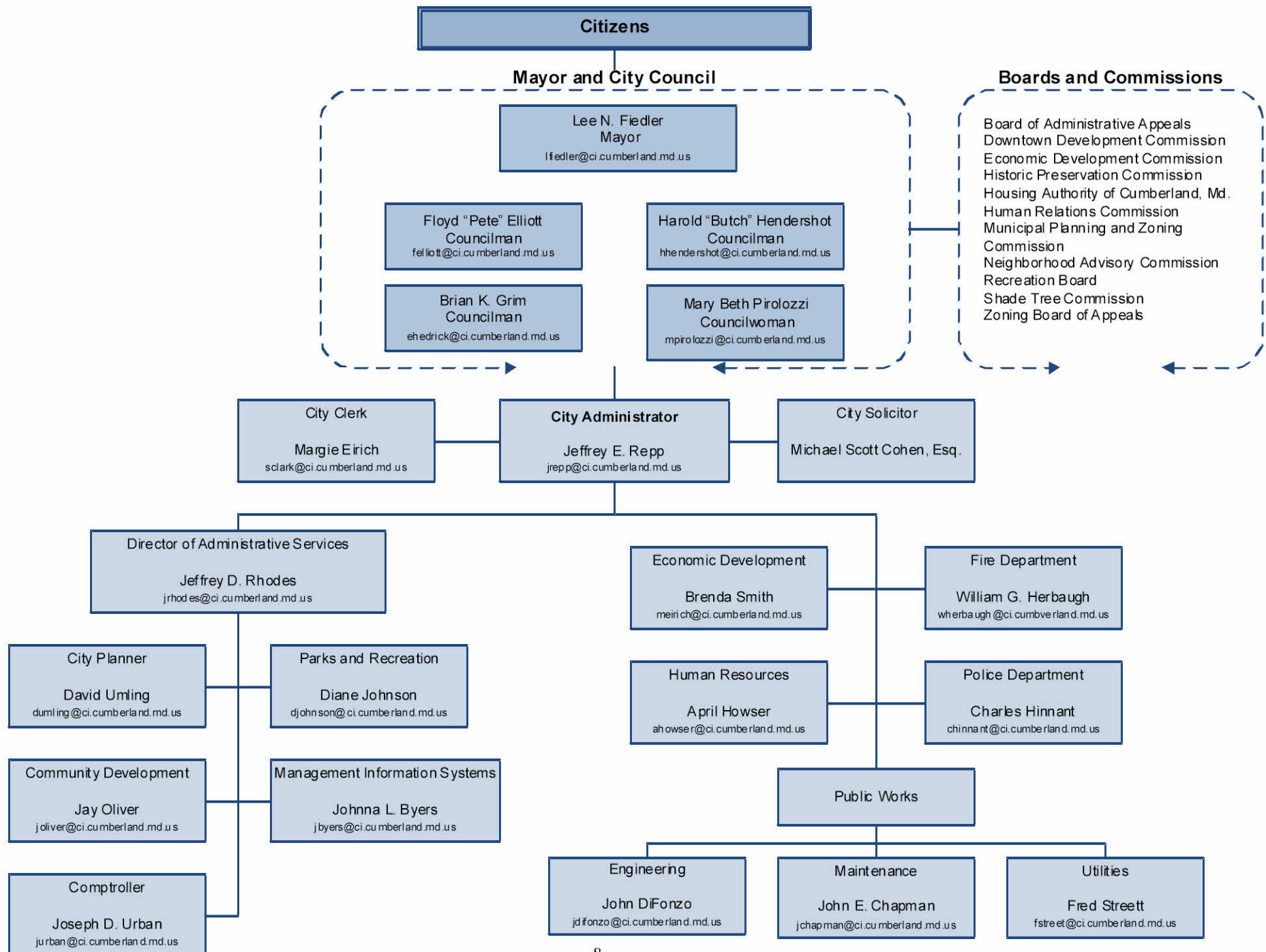
Management Information Systems  
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Parks and Recreation  
Diane Johnson  
[djohnson@ci.cumberland.md.us](mailto:djohnson@ci.cumberland.md.us)

Planning  
David Umling  
[dumling@ci.cumberland.md.us](mailto:dumling@ci.cumberland.md.us)

# City of Cumberland Organizational Chart

(June 2007)



## **Financial Section**

David W. Turnbull, CPA  
Richard J. Hoover, CPA  
Bernard B. Kahl, CPA



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Cumberland, Maryland 21502  
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Honorable Mayor and Members  
of the City Council  
City of Cumberland  
Cumberland, Maryland

#### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cumberland, Maryland (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cumberland, Maryland, as of June 30, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and



grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 11 through 19 and the budgetary comparison information on page 61 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

*Turnbull, Hoover & Kahl, P.A.*

Cumberland, MD  
January 26, 2009

## **CITY OF CUMBERLAND**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Cumberland's financial performance provides an overview of the City's financial activities for the fiscal years ended June 30, 2008 and 2007, respectively. Please read this in conjunction with the basic financial statements, notes to the basic financial statements, and the required supplemental information for a complete and detailed understanding.

#### **FINANCIAL HIGHLIGHTS**

- The City's governmental activities net assets are \$13.2 million and \$15.6 million for fiscal years 2008 and 2007 respectively. The net assets of business-type activities are \$40.5 million and \$37.1 million for fiscal years 2008 and 2007 respectively. Net assets of governmental activities decreased \$2.3 million in fiscal year 2008, and increased \$.7 million in fiscal year 2007. Net assets of business-type activities increased \$3.3 million and \$.4 million for fiscal years 2008 and 2007 respectively.
- During the year, the City incurred net expenses of \$14.5 million and \$11.5 million, in comparison to the \$8.7 and \$8.7 million generated in program revenues for governmental programs for fiscal years 2008 and 2007. General revenues in the amount of \$10.9 and \$10.4 million and transfer fees of \$1.2 million and \$1.8 million with a deficit of \$2.3 million for FY 2008 and a surplus of \$.7 million for FY 2007.
- The City's business-type activities generated \$4.4 and \$2.2 million of total revenue in excess of \$12.8 and \$12.0 million of expenses for fiscal years 2008 and 2007.
- The total cost of all of the City's programs was \$36.0 million for fiscal year 2008, and \$32.1 million for fiscal year 2007. There were no new programs added in FY 2008.
- On the Fund Financial Statements, the General Fund reported a \$1.7 million deficit and \$.8 million surplus for the fiscal years 2008 and 2007.
- The City has its Worker's Compensation claims administered by a third party administrator where the City prefunded the payment of claims and has recorded this as a prepaid expense in the amount of \$1,037,914 for governmental activities and in the amount of \$313,227 for business type activities. For the government-wide statements there is a related contingent liability. This matter is explained in further detail in Note 17, "Risk Management" to the financial statements.

- In June 2008, the City received a Community Development Block Grant (CDBG), Section 108 Loan Guarantee to provide assistance to the local Human Resources Development Commission for construction of a new office facility. This loan, as described in Note 6 to the financial statements, will be repaid in semi-annual installments of \$40,446 to \$116,538 through August 2028.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements known as the basic financial statements. The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities that provide information about the activities of the City as a whole and present a long-term view of the City's finances. Also included are Fund Financial Statements. For governmental activities, these statements reflect how these services were financed in the short term, as well as what is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

## REPORTING THE CITY AS A WHOLE

An analysis of the City as a whole and as to whether it is better off as a result of the year's activities is reflected in the Statement of Net Assets and the Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is actually received or paid.

These two statements report the City's net assets and changes in them. The City's net assets reflects the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator as to whether the City's financial health is improving or deteriorating. Keep in mind to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, the City has two kinds of activities:

- *Governmental Activities* – Most of the City's basic services are reported here, including the police, fire & ambulance, public works, parks and recreation department and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- *Business-type Activities* – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sewer systems, parking facilities, and trash collection operations are reported here.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

An analysis of the City's major funds reflected in the Fund financial statements provides detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (specific projects), or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches. Beginning in fiscal year 2005, the Housing Assistance Fund became a major governmental fund under the criteria required by GASB and for fiscal year 2007, the Municipal Parking Authority Fund became a major proprietary fund.

- *Governmental Funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be utilized in the near future to finance the City's programs. The relationship (difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is provided in the Reconciliation of the Balance Sheet to the Statement of Net Assets report on page 23.
- *Proprietary Funds* – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

## THE CITY AS A WHOLE

The City's combined net assets are \$53.7 million and \$52.7 million, with total revenues of \$37.0 million and \$33.2 million and total expenses of \$36.0 million and \$32.1 million for fiscal years 2008 and 2007, respectively.

**Net Assets**

	<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>		<b><u>Totals</u></b>	
	<b>FY08</b>	<b>FY07</b>	<b>FY08</b>	<b>FY07</b>	<b>FY08</b>	<b>FY07</b>
Current and Other Assets	\$ 7,037,650	\$ 7,270,048	\$ 5,400,672	\$ 7,161,692	\$ 12,438,322	\$ 14,431,740
Capital Assets	<u>21,529,715</u>	<u>20,167,716</u>	<u>66,249,884</u>	<u>62,898,580</u>	<u>87,779,599</u>	<u>83,066,296</u>
Total Assets	<u>28,567,365</u>	<u>27,437,764</u>	<u>71,650,556</u>	<u>70,060,272</u>	<u>100,217,921</u>	<u>97,498,036</u>
Long-term Debt (net of current portion)	11,279,461	8,437,215	26,080,587	28,128,133	37,360,048	36,565,348
Other Liabilities	<u>4,078,112</u>	<u>3,448,930</u>	<u>5,116,500</u>	<u>4,798,892</u>	<u>9,194,612</u>	<u>8,247,822</u>
Total Liabilities	<u>15,357,573</u>	<u>11,886,145</u>	<u>31,197,087</u>	<u>32,927,025</u>	<u>46,554,660</u>	<u>44,813,170</u>
Net Assets:						
Invested in Capital Assets (net of debt)	14,318,412	14,091,543	38,588,994	35,809,340	52,907,406	49,900,883
Restricted	657,169	749,796	-	249,144	657,169	998,940
Unrestricted (deficit)	<u>(1,765,789)</u>	<u>710,280</u>	<u>1,864,475</u>	<u>1,074,763</u>	<u>98,686</u>	<u>1,785,043</u>
Total Net Assets	<u>\$ 13,209,792</u>	<u>\$ 15,551,619</u>	<u>\$40,453,469</u>	<u>\$37,133,247</u>	<u>\$53,663,261</u>	<u>\$52,684,866</u>

## Changes in Net Assets

### (In Millions)

	Governmental <u>Activities</u>		Business-Type <u>Activities</u>		Total Primary <u>Government</u>	
	FY08	FY07	FY08	FY07	FY08	FY07
<b>Revenues</b>						
Program Revenues						
Charges for Service	\$2.0	\$2.7	\$14.4	\$13.5	\$16.4	\$16.2
Operating Grants	5.8	5.8			5.8	5.8
Capital Grants	1.0	0.2	2.8	0.5	3.8	0.7
General Revenues:						
Property Taxes	8.7	8.3			8.7	8.3
Other Taxes	0.4	0.2			0.4	0.2
Shared Revenues	1.4	1.3			1.4	1.3
Unrestricted Investment Earnings	0.1	0.1	0.1	0.2	0.2	0.3
Miscellaneous	<u>0.3</u>	<u>0.4</u>	<u>—</u>	<u>—</u>	<u>0.3</u>	<u>0.4</u>
TOTAL REVENUES	<u>19.7</u>	<u>19.0</u>	<u>17.3</u>	<u>14.2</u>	<u>37.0</u>	<u>33.2</u>
<b>Program Expenses</b>						
General Government	2.8	2.5			2.8	2.5
Public Safety	11.4	10.0			11.4	10.0
Public Works	3.6	3.0			3.6	3.0
Recreation	1.2	1.0			1.2	1.0
Community Development	3.9	3.2			3.9	3.2
Interest of LT Debt	0.3	0.3			0.3	0.3
Water			5.9	5.7	5.9	5.7
Sewer			5.2	4.8	5.2	4.8
Municipal Parking						
Authority			0.4	0.4	0.4	0.4
Trash			1.1	1.1	1.1	1.1
Property Rental			<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
TOTAL EXPENSES	<u>23.2</u>	<u>20.0</u>	<u>12.7</u>	<u>12.1</u>	<u>35.9</u>	<u>32.1</u>
Excess Before Transfers	-3.5	-1.0	4.6	2.1	1.0	1.1
Transfers	<u>1.2</u>	<u>1.7</u>	<u>-1.2</u>	<u>-1.7</u>	<u>—</u>	<u>—</u>
Change in Net Assets	-2.3	0.7	3.3	0.4	1.0	1.1
Net Assets-Beginning	<u>15.5</u>	<u>14.8</u>	<u>37.1</u>	<u>36.7</u>	<u>52.6</u>	<u>51.5</u>
Net Assets-Ending	<u>\$13.2</u>	<u>\$15.5</u>	<u>\$40.4</u>	<u>\$37.1</u>	<u>\$53.6</u>	<u>\$52.6</u>

## **THE CITY'S FUNDS**

As the City completed the year, its governmental funds reported a combined fund balance of \$3,217,488 and \$4,926,278 million for fiscal years 2008 and 2007. This is a decrease of \$1.7 million compared to fiscal year 2007.

For the General Fund, while most operating costs remained stable in FY 2008, the City's retirement costs increased by \$557,300 for the alternate pension system, of which \$402,417 was allocated to the General Fund. There was an increase in the costs for public safety services which was primarily in the areas of salary costs attributed to the four new officers that were hired. The City incurred non-recurring expenses to acquired copier equipment at a cost of \$318,000 and also acquired a new fire truck at the cost of \$353,000.

Fiscal year 2008, showed a decrease of \$.9 million for permits due to one large permit fee for the new hospital received in the prior year. Tax revenues remained stable from the prior year and miscellaneous revenues decreased by \$.2 million.

The water fund expenses remained relatively stable but the revenue for this fund increased slightly. There was an increase of approximately \$2.4 million in capital contributions in the sewer fund for federal and state grant funds received for the construction of capital assets.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council revised the City budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year. The second category includes changes that the Council made during the third quarter to adjust for unforeseen savings and expenses and to reflect a more accurate budget. Lastly, the Council approved several increases in appropriations to prevent budget overruns.

With these adjustments, the actual charges to appropriations (expenditures) were \$62,038 and \$28,730 below the final budgeted amounts for fiscal years 2008 and 2007.

There was a slight increase in the amount of taxes outstanding at year end of approximately \$342,000, reported as deferred revenue for outstanding personal and real property taxes. In addition, the City received two building permit fees that were not anticipated, which totaled in excess of \$100,000. The budget line for miscellaneous income included \$586,500 of income for financing proceeds.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2008 and 2007, the City had \$21.5 and \$20.2 million invested in a broad range of capital assets for Governmental activities and \$66.2 and \$62.8 million for the Business-type activities.

This year the City completed several capital projects in the business type activities, which major projects included \$310,207 North End Pump Station, \$31,506 for the Viaduct Pump Station Transformer and \$97,995 for the Parking Kiosk project. The major projects that are still active and had additions to Work In Process for FY 2008 are as follows: the Water Meter Network for \$2,948,042, ENR Improvements for \$820,913, Center City Garage Rehabilitation for \$1,791,394, CSO, Phase II for \$2,663,626, Rolling Mills Project for \$404,472 and \$202,190 for other capital projects.

In the Governmental activities, the City had the following active projects, Rolling Mill Access Road for \$2,040,485, Traffic Lighting for \$47,143, Craft House Renovations for \$189,316, Constitution Park for \$38,481, Security Upgrades for \$14,007, Content Management System for \$12,210, Springdale Street Parklet for \$62,772 and various Energy Savings Projects for \$488,257. In addition the City replaced machinery and equipment that cost a total of \$1,487,126, which was added to the City's Capital Assets, including a new Fire Truck in the amount of \$353,000 and copier equipment costing \$318,000. The Municipal Center HVAC Upgrade was completed and moved to fixed assets for \$80,000 for FY 2008.

Additional detail regarding Capital Assets can be found in Note 5 to the financial statements, titled "Capital Assets."

### *Debt*

At year-end, the City had \$37.5 million and \$38.3 million in bonds, notes and leases outstanding for fiscal years 2008 and 2007.



### Outstanding Debt at Year-End

	<b>Governmental</b>		<b>Business-Type</b>		<b>Totals</b>	
	<u>Activities</u>		<u>Activities</u>			
	<b>FY08</b>	<b>FY07</b>	<b>FY08</b>	<b>FY07</b>	<b>FY08</b>	<b>FY07</b>
General Obligation Bonds	\$5,432,996	\$5,991,982	\$24,946,950	\$26,987,965	\$30,379,946	\$32,979,947
Notes and Leases	<u>3,817,476</u>	<u>2,019,579</u>	<u>3,322,252</u>	<u>3,310,224</u>	<u>7,139,728</u>	<u>5,329,803</u>
Totals	<u>\$ 9,250,472</u>	<u>\$ 8,011,561</u>	<u>\$ 28,269,202</u>	<u>\$ 30,298,189</u>	<u>\$ 37,519,674</u>	<u>\$ 38,309,750</u>

In fiscal year 2008, the City authorized \$341,035 in Water Quality Bonds to be financed through the Maryland Water Quality Financing Administration. The amount advanced under this bond was \$130,450 at June 30, 2008.

The City obtained a Section 108 loan consisting of Community Development Block Grant funds in the amount of \$1.4 million that will be utilized to provide funding assistance for the construction of a new office facility for the Human Resources Development Commission. The City also entered into a capital equipment lease agreement in the amount of \$804,500 at an interest rate of 3.719%. The detail of the various operating leases can be found in Note 6 of the financial statements, which also includes additional detail regarding the City's debt.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2009 budget, tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. Unemployment in the City/County now stands at 5.5%, which was a .1% increase from FY 2007, but the rate has stabilized over the past ten years with unemployment decreasing from 9.3% in 1997. This compares with the State's unemployment rate of 4.9%.

The City continues to experience a gradual increase in real property values within the City. The City was insulated from the extraordinary boom in escalating property values in the last several years, that now have declined drastically throughout other portions of the State. These indicators were taken into account when adopting the General Fund budget for 2009.

The City has added no new major programs or initiatives to the 2009 budget.

In November 2008, the City issued \$9 million in general obligation bonds to fund street and infrastructure improvements throughout the City. These bonds were rated "AAA" by both S&P and Fitch Ratings and were sold with an average interest rate of 4.54%, maturing on September 1, 2028.

## **CONTACT THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If there are any questions about this report or if additional financial information is needed, please contact the City Comptroller's Office at P.O. Box 1702, Cumberland, Maryland, 21502 or 57 N. Liberty Street, Cumberland, Maryland, 21502.

# **Basic Financial Statements**

**CITY OF CUMBERLAND, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Current assets:			
Cash	\$ 346,577	\$ 163,977	\$ 510,554
Investments	979,254	137,208	1,116,462
Taxes receivable	1,030,740		1,030,740
Accounts receivable	267,869	2,347,303	2,615,172
Due from other governments	1,662,138	909,909	2,572,047
Internal balances	(761,591)	761,591	-
Prepaid expenses	1,068,163	313,794	1,381,957
Inventory	14,459	224,670	239,129
Total Current Assets	4,607,609	4,858,452	9,466,061
Noncurrent assets:			
Housing loans receivable	354,193		354,193
Loans receivable	436,656		436,656
Notes receivable	6,643		6,643
Restricted cash	150,555		150,555
Restricted investments	1,481,994	409,892	1,891,886
Property, plant and equipment:			
Land and land improvements	974,496	814,579	1,789,075
Buildings & improvements	13,332,066	84,080,850	97,412,916
Machinery and equipment	7,317,610	4,840,114	12,157,724
Infrastructure	20,477,807		20,477,807
Construction in progress	2,952,072	8,830,638	11,782,710
Accumulated depreciation	(23,524,336)	(32,316,297)	(55,840,633)
Other assets		25,000	25,000
Deferred charge		107,328	107,328
Total Non-Current Assets	23,959,756	66,792,104	90,751,860
<b>Total Assets</b>	<b>\$ 28,567,365</b>	<b>\$ 71,650,556</b>	<b>\$ 100,217,921</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	1,197,468	1,809,403	3,006,871
Accrued wages	419,436	127,033	546,469
Accrued interest	112,727	214,506	327,233
Unearned revenue	350,568	-	350,568
Deposits payable	145,539		145,539
Current portion of compensated absences	789,271	232,642	1,021,913
Current portion of bonds and notes payable	1,063,103	2,732,916	3,796,019
Total Current Liabilities	4,078,112	5,116,500	9,194,612
Noncurrent liabilities:			
Bonds and notes payable (net of current portion)	8,187,369	25,337,866	33,525,235
Compensated absences (net of current portion)	1,338,490	471,026	1,809,516
Workers' comp payable	1,746,258	271,695	2,017,953
Lenders loan pool payable	7,344		7,344
Total Non-Current Liabilities	11,279,461	26,080,587	37,360,048
<b>Total Liabilities</b>	<b>15,357,573</b>	<b>31,197,087</b>	<b>46,554,660</b>
<b>NET ASSETS:</b>			
Investment in capital assets (net of related debt)	14,318,412	38,588,994	52,907,406
Restricted for:			
Community Development	502,318		502,318
Housing Assistance Program	30,041		30,041
Other Purposes	124,810	-	124,810
Unrestricted (Deficit)	(1,765,789)	1,864,475	98,886
Total Net Assets	13,209,792	40,453,469	53,663,261
<b>Total Liabilities and Net Assets</b>	<b>\$ 28,567,365</b>	<b>\$ 71,650,556</b>	<b>\$ 100,217,921</b>

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF CUMBERLAND, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>								
General government	\$ 3,607,942	\$ (888,892)	\$ 597,521	\$ 92,029	\$ -	\$ (2,029,500)	\$ -	\$ (2,029,500)
Public safety	11,400,713		1,106,758	901,494	-	(9,392,461)		(9,392,461)
Public works	4,060,191	(445,930)	1,549	1,613,437	675,520	(1,323,755)		(1,323,755)
Recreation	1,231,744		158,651	6,978	278,290	(787,825)		(787,825)
Community development and housing	3,948,656		92,655	3,221,629	-	(634,372)		(634,372)
Interest on long-term debt	340,306					(340,306)		(340,306)
<b>Total Governmental Activities</b>	<b>24,589,552</b>	<b>(1,334,822)</b>	<b>1,957,134</b>	<b>5,835,567</b>	<b>953,810</b>	<b>(14,508,219)</b>	<b>-</b>	<b>(14,508,219)</b>
<b>Business-type Activities:</b>								
Water	5,333,966	640,715	7,624,538		-		1,649,857	1,649,857
Sewer	4,577,315	600,669	4,863,377		2,788,679		2,474,072	2,474,072
Municipal Parking Authority	408,599		648,710		-		240,111	240,111
Trash	1,025,923	93,438	1,109,411		-		(9,950)	(9,950)
Property Rental	112,660		205,172		-		92,512	92,512
<b>Total Business-type Activities</b>	<b>11,458,463</b>	<b>1,334,822</b>	<b>14,451,208</b>	<b>-</b>	<b>2,788,679</b>	<b>-</b>	<b>4,446,602</b>	<b>4,446,602</b>
<b>Total Government</b>	<b>\$ 36,048,015</b>	<b>\$ -</b>	<b>\$ 16,408,342</b>	<b>\$ 5,835,567</b>	<b>\$ 3,742,489</b>	<b>\$ (14,508,219)</b>	<b>\$ 4,446,602</b>	<b>\$ (10,061,617)</b>
<b>General Revenues:</b>								
Taxes:								
Property taxes						\$ 8,678,886		\$ 8,678,886
Franchise Fees						247,550		247,550
Other Taxes						178,467		178,467
Shared revenues						1,430,311		1,430,311
Unrestricted investment earnings						115,410	104,431	219,841
Miscellaneous						284,957		284,957
Transfers						1,230,811	(1,230,811)	-
<b>Total General Revenues and Transfers</b>						<b>12,166,392</b>	<b>(1,126,380)</b>	<b>11,040,012</b>
<b>Change in Net Assets</b>						<b>(2,341,827)</b>	<b>3,320,222</b>	<b>978,395</b>
<b>Net Assets - Beginning</b>						<b>15,551,619</b>	<b>37,133,247</b>	<b>52,684,866</b>
<b>Net Assets - Ending</b>						<b>\$ 13,209,792</b>	<b>\$ 40,453,469</b>	<b>\$ 53,663,261</b>

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF CUMBERLAND, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	<u>General Fund</u>	<u>Housing Assistance Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 47,816	\$ 25	\$ 298,736	\$ 346,577
Investments	128,911		850,343	979,254
Taxes receivable	1,019,929		10,811	1,030,740
Accounts receivable	250,317		17,552	267,869
Due from other governments	696,621	162,435	803,082	1,662,138
Interfund receivables	318,722	-	36,354	355,076
Prepaid expenditures	1,059,681	-	8,482	1,068,163
Inventory	14,459			14,459
Restricted cash	150,555			150,555
Restricted investment	80,369		1,401,625	1,481,994
Housing loans receivable			354,193	354,193
Loans receivable			436,656	436,656
Notes receivable			6,643	6,643
<b>Total Assets</b>	<u><u>\$ 3,767,380</u></u>	<u><u>\$ 162,460</u></u>	<u><u>\$ 4,224,477</u></u>	<u><u>\$ 8,154,317</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 777,732	\$ 151	\$ 419,585	\$ 1,197,468
Accrued wages	391,492	4,597	23,347	419,436
Interfund payables	378,760	170,221	567,686	1,116,667
Deferred revenue	1,342,595	-	707,780	2,050,375
Lenders loan pool payable			7,344	7,344
Deposits payable	145,539			145,539
<b>Total Liabilities</b>	<u><u>3,036,118</u></u>	<u><u>174,969</u></u>	<u><u>1,725,742</u></u>	<u><u>4,936,829</u></u>
<b>FUND BALANCES:</b>				
Fund balances (deficit):				
Reserved for restrictions	80,369	30,041	1,401,625	1,512,035
Reserved for long-term assets	171,894		446,923	618,817
Reserved for inventories	14,459			14,459
Reserved for prepaids	1,059,681	-	8,482	1,068,163
Reserved for encumbrances	119,504		25,503	145,007
Unreserved:				
Undesignated-General Fund	(714,645)			(714,645)
Undesignated-Special Revenue Funds		(42,550)	(5,014)	(47,564)
Undesignated-Capital Projects Fund			621,216	621,216
<b>Total Fund Balances (Deficit)</b>	<u><u>731,262</u></u>	<u><u>(12,509)</u></u>	<u><u>2,498,735</u></u>	<u><u>3,217,488</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 3,767,380</u></u>	<u><u>\$ 162,460</u></u>	<u><u>\$ 4,224,477</u></u>	<u><u>\$ 8,154,317</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF CUMBERLAND, MARYLAND**  
**RECONCILIATION OF THE GOVERNMENTAL BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2008**

Fund Balances - Total Governmental Funds \$ 3,217,488

Amounts reported for governmental activities in the statement of  
net assets are different because:

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the governmental funds.

Governmental Capital Assets	45,054,051	
Less: Accumulated Depreciation	<u>(23,524,336)</u>	21,529,715

Long-term liabilities, including a portion of compensated absences are not due and  
payable in the current period and therefore are not reported in the  
governmental funds.

Governmental Bonds and Notes Payable	(9,250,472)	
Compensated Absences	(2,127,761)	
Workers Compensation	(1,746,258)	
Accrued Interest	<u>(112,727)</u>	(13,237,218)

Deferred revenue reported on modified accrual basis of accounting in governmental  
funds is susceptible to full accrual on the entity-wide statements.

Deferred Revenue	<u>1,699,807</u>
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Net Assets of Governmental Activities	<u><u>\$ 13,209,792</u></u>
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**CITY OF CUMBERLAND, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General Fund</u>	<u>Housing Assistance Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 8,534,180	\$ -	\$ 245,560	\$ 8,779,740
Licenses and permits	274,909			274,909
Intergovernmental	3,846,060	2,057,496	2,105,819	8,009,375
Charges for services	1,282,905		49,022	1,331,927
Fines and forfeitures	375			375
Interest	43,927		75,026	118,953
Miscellaneous	460,218	440	75,850	536,508
Total Revenues	<u>14,442,574</u>	<u>2,057,936</u>	<u>2,551,277</u>	<u>19,051,787</u>
<b>Expenditures:</b>				
Current:				
General government	1,933,448		270,188	2,203,636
Public safety	10,205,111		158,988	10,364,099
Public works	3,055,806		31,820	3,087,626
Recreation	973,576		173,472	1,147,048
Community development and housing	599,068	2,089,064	1,402,801	4,090,933
Capital Outlay			2,077,914	2,077,914
Debt service:				
Principal	839,453	3,975	59,160	902,588
Interest	306,500		26,258	332,758
Total Expenditures	<u>17,912,962</u>	<u>2,093,039</u>	<u>4,200,601</u>	<u>24,206,602</u>
Revenues in Excess of (Less Than) Expenditures	<u>(3,470,388)</u>	<u>(35,103)</u>	<u>(1,649,324)</u>	<u>(5,154,815)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers-in	1,341,615	-	305,597	1,647,212
Transfers-out	(350,926)		(130,861)	(481,787)
Issuance of debt	820,600	24,000	1,436,000	2,280,600
Total Other Financing Sources	<u>1,811,289</u>	<u>24,000</u>	<u>1,610,736</u>	<u>3,446,025</u>
Net Change in Fund Balance	(1,659,099)	(11,103)	(38,588)	(1,708,790)
Fund balance, beginning (as restated)	<u>2,390,361</u>	<u>(1,406)</u>	<u>2,537,323</u>	<u>4,926,278</u>
Fund balance (deficit), ending	<u>\$ 731,262</u>	<u>\$ (12,509)</u>	<u>\$ 2,498,735</u>	<u>\$ 3,217,488</u>

The accompanying Notes to Financial Statements are an integral part of this statement



**CITY OF CUMBERLAND, MARYLAND**  
**RECONCILIATION OF THE STATEMENT OF THE GOVERNMENTAL REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Net Change in Fund Balances - Total Governmental Funds \$ (1,708,790)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlays exceed depreciation in the current year.

Expenditures for Capital Assets	3,036,705	
Contributed Capital Assets from Proprietary Funds	155,783	
Accumulated Depreciation of Contributed Capital Assets	(90,397)	
Donated Capital Assets	26,498	
Loss on Sale/Disposal of Capital Assets	(196,560)	
Less: Current Year Depreciation	(1,570,030)	1,361,999

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments in the current year.

Bond and Loan Proceeds	(2,280,600)	
Gain on Write-off of Debt Principal	139,101	
Principal Payments	902,588	(1,238,911)

Some revenues reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues in governmental funds.

Deferred Revenue		497,567
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(93,671)	
Workers compensation	(1,152,473)	
Accrued interest adjustment	(7,548)	(1,253,692)

Change in Net Assets of Governmental Activities \$ (2,341,827)

**CITY OF CUMBERLAND, MARYLAND**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2008**

	<b>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Municipal Parking Authority</b>	<b>Non-Major Proprietary Funds</b>	<b>Total</b>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 28,079	\$ 44	\$ 6,817	\$ 131,237	\$ 163,977
Investments	119,778	17,430	-	-	137,208
Accounts receivable	1,275,533	910,612	42,660	118,498	2,347,303
Due from other governments	-	902,246	-	7,663	909,909
Prepaid expenses	313,794	-	-	-	313,794
Inventory	223,157	1,513	-	-	224,670
Interfund receivables, current	838,227	627,767	84,557	-	1,550,551
Total Current Assets	2,796,568	2,459,612	133,834	257,398	5,647,412
<b>Noncurrent Assets:</b>					
Interfund receivables, non-current	80,066	355,954	-	-	436,020
Restricted investments	191,423	127,103	91,366	-	409,892
Land and land improvements	187,634	446,208	180,737	-	814,579
Buildings and improvements	42,059,430	36,768,748	3,968,879	1,283,793	84,080,850
Machinery and equipment	2,546,491	1,935,132	358,491	-	4,840,114
Accumulated depreciation	(14,501,847)	(15,739,757)	(1,643,829)	(430,864)	(32,316,297)
Construction in progress	1,890,192	5,149,051	1,791,395	-	8,830,638
Deferred charge	75,327	13,030	18,702	269	107,328
Evitts Creek Water Company, capital stock	25,000	-	-	-	25,000
Total Non-Current Assets	32,553,716	29,055,469	4,765,741	853,198	67,228,124
Total Assets	\$ 35,350,284	\$ 31,515,081	\$ 4,899,575	\$ 1,110,596	\$ 72,875,536
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	231,051	1,406,242	118,974	53,136	1,809,403
Accrued wages	58,608	61,489	6,936	-	127,033
Accrued interest	120,536	59,175	33,815	980	214,506
Interfund payables, current	288,682	335,459	126,549	10,900	761,590
Current portion of compensated absences	106,192	113,776	12,674	-	232,642
Current portion of bonds and notes payable	1,856,647	577,304	291,539	7,426	2,732,916
Total Current Liabilities	2,661,716	2,553,445	590,487	72,442	5,878,090
<b>Noncurrent Liabilities:</b>					
Compensated absences (net of current portion)	209,980	235,573	25,473	-	471,026
Workers' comp. claims payable	117,618	154,077	-	-	271,695
Interfund payables, non-current	-	-	159,055	304,335	463,390
Bonds and notes payable (net of current portion)	16,845,620	5,920,316	2,523,393	48,537	25,337,866
Total Non-Current Liabilities	17,173,218	6,309,966	2,707,921	352,872	26,543,977
Total Liabilities	19,834,934	8,863,411	3,298,408	425,314	32,422,067
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	13,671,056	22,188,865	1,932,107	796,966	38,588,994
Restricted	-	-	-	-	-
Unrestricted	1,844,294	462,805	(330,940)	(111,684)	1,864,475
Total Net Assets	15,515,350	22,651,670	1,601,167	685,282	40,453,469
Total Liabilities and Net Assets	\$ 35,350,284	\$ 31,515,081	\$ 4,899,575	\$ 1,110,596	\$ 72,875,536

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF CUMBERLAND, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<b>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Municipal Parking Authority</b>	<b>Non-Major Proprietary Funds</b>	<b>Total</b>
<b>Operating Revenues:</b>					
Charges for Services:					
Domestic	\$ 2,551,030	\$ 2,763,192	\$ -	\$ 1,090,589	\$ 6,404,811
Industrial	2,133,514	423,651	-	2,647	2,559,812
Sanitary commissions	-	1,560,065	-	-	1,560,065
Water companies	2,683,056	-	-	-	2,683,056
Rents/Concessions	-	-	620,490	205,172	825,662
Connection Charges	132,296	14,940	-	-	147,236
Other	124,642	101,529	28,220	16,175	270,566
Total Operating Revenues	<u>7,624,538</u>	<u>4,863,377</u>	<u>648,710</u>	<u>1,314,583</u>	<u>14,451,208</u>
<b>Operating Expenses:</b>					
Personal services	2,090,973	2,274,407	197,413	-	4,562,793
Utilities	196,979	347,482	26,371	33,320	604,152
Supplies	330,006	147,231	-	25,993	503,230
Repairs and maintenance	615,755	300,812	14,644	3,356	934,567
Landfill fees	-	-	-	456,149	456,149
Depreciation	1,082,657	1,007,861	96,918	45,911	2,233,345
Contractual services	104,226	272,596	9,653	543,836	930,311
Other operating expenses	1,063,170	875,382	10,290	120,268	1,869,110
Total Operating Expenses	<u>5,483,766</u>	<u>5,025,771</u>	<u>355,287</u>	<u>1,228,833</u>	<u>12,093,657</u>
Operating Income (Loss)	<u>2,140,772</u>	<u>(162,394)</u>	<u>293,423</u>	<u>85,750</u>	<u>2,357,551</u>
<b>Non-Operating Revenues (Expenses):</b>					
Interest income	55,759	24,239	24,433	-	104,431
Interest expense	(476,929)	(142,372)	(50,968)	(3,143)	(673,412)
Amortization expense	(10,777)	(1,799)	(2,344)	(45)	(14,965)
Loss on disposal of assets	(3,209)	(8,042)	-	-	(11,251)
Total Non-Operating Income (Loss)	<u>(435,156)</u>	<u>(127,974)</u>	<u>(28,879)</u>	<u>(3,188)</u>	<u>(595,197)</u>
Net Income Before Contributions and Transfers	1,705,616	(290,368)	264,544	82,562	1,762,354
Capital contributions	-	2,788,679	-	-	2,788,679
Capital contributions to governmental activities	-	(65,386)	-	-	(65,386)
Operating transfers-in(out)	<u>(545,695)</u>	<u>(586,501)</u>	<u>59,284</u>	<u>(92,513)</u>	<u>(1,165,425)</u>
Net Income (Loss)	<u>1,159,921</u>	<u>1,846,424</u>	<u>323,828</u>	<u>(9,951)</u>	<u>3,320,222</u>
Net assets-beginning of year	<u>14,355,429</u>	<u>20,805,246</u>	<u>1,277,339</u>	<u>695,233</u>	<u>37,133,247</u>
Net assets-end of year	<u>\$ 15,515,350</u>	<u>\$ 22,651,670</u>	<u>\$ 1,601,167</u>	<u>\$ 685,282</u>	<u>\$ 40,453,469</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF CUMBERLAND, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<b>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Municipal Parking Authority</b>	<b>Non-Major Proprietary Funds</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>					
Cash receipts from customers	\$ 7,540,185	\$ 4,752,941	\$ 596,790	\$ 1,306,231	\$ 14,196,147
Cash payments to suppliers	(2,720,411)	(1,011,656)	(230,829)	(1,174,473)	(5,137,369)
Cash payments for personal services	(2,075,505)	(2,265,747)	(202,639)	-	(4,543,891)
Other operating receipts	124,642	101,529	28,220	16,175	270,566
<b>Net Cash Provided (Used) Operating Activities</b>	<b>2,868,911</b>	<b>1,577,067</b>	<b>191,542</b>	<b>147,933</b>	<b>4,785,453</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Operating transfers (to) other funds	(545,695)	(586,501)	59,284	(92,513)	(1,165,425)
Loans from (to) other funds	(761,210)	32,256	41,992	10,900	(676,062)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,306,905)</b>	<b>(554,245)</b>	<b>101,276</b>	<b>(81,613)</b>	<b>(1,841,487)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Capital grant proceeds	-	2,036,637	-	(7,663)	2,028,974
Acquisition and construction of capital assets	(1,200,599)	(3,459,392)	(1,372,868)	-	(6,032,859)
Proceeds from capital debt	201,900	188,455	-	-	390,355
Principal paid on capital debt	(1,606,296)	(528,605)	(250,941)	(7,049)	(2,392,891)
Interest paid on capital debt	(404,523)	(101,808)	23,389	(3,236)	(486,178)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(3,009,518)</b>	<b>(1,864,713)</b>	<b>(1,600,420)</b>	<b>(17,948)</b>	<b>(6,492,599)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	55,759	24,239	24,433	-	104,431
Net sale (purchase) of investments	1,111,579	569,258	1,289,786	-	2,970,623
<b>Net Cash Provided (Used) by Investing Activities:</b>	<b>1,167,338</b>	<b>593,497</b>	<b>1,314,219</b>	<b>-</b>	<b>3,075,054</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(280,174)</b>	<b>(248,394)</b>	<b>6,617</b>	<b>48,372</b>	<b>(473,579)</b>
Cash and Cash Equivalents at Beginning of Year	426,031	265,868	-	82,865	774,764
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 145,857</b>	<b>\$ 17,474</b>	<b>\$ 6,617</b>	<b>\$ 131,237</b>	<b>\$ 301,185</b>

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF CUMBERLAND, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
*(continued)*

	<b>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</b>				
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Municipal Parking Authority</b>	<b>Non-Major Proprietary Funds</b>	<b>Total</b>
<b>Reconciliation of Cash to Statement of Net Assets</b>					
Cash balance-Statement of Net Assets	\$ 26,079	\$ 44	\$ 6,617	\$ 131,237	\$ 163,977
Investment balance-Statement of Net Assets	119,778	17,430	-	-	137,208
Cash and Cash Equivalents-Statement of Cash Flows	<u>\$ 145,857</u>	<u>\$ 17,474</u>	<u>\$ 6,617</u>	<u>\$ 131,237</u>	<u>\$ 301,185</u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>					
Operating Income	\$ 2,140,772	\$ (162,394)	\$ 293,423	\$ 85,750	\$ 2,357,551
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,082,657	1,007,881	96,916	45,911	2,233,345
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	40,289	(8,907)	(23,700)	7,823	15,505
(Increase) decrease in prepaid expenses	(149,339)	1,151	-	-	(148,188)
(Increase) decrease in inventory	18,213	(617)	-	-	17,596
Increase (decrease) in accounts payable	(258,746)	578,202	(169,871)	8,449	158,034
Increase (decrease) in workers' comp. claims payable	(20,403)	153,111	-	-	132,708
Increase (decrease) in accrued wages and compensated absences	15,468	8,660	(5,226)	-	18,902
Net cash provided (used) by operating activities	<u>\$ 2,868,911</u>	<u>\$ 1,577,067</u>	<u>\$ 191,542</u>	<u>\$ 147,933</u>	<u>\$ 4,785,453</u>
 <b>Noncash operating, financing, and investing activities:</b>					
Contribution of capital assets to government	\$ -	\$ (65,386)	\$ -	\$ -	\$ (65,386)
Capital contributions not yet received	<u>\$ -</u>	<u>\$ 752,042</u>	<u>\$ -</u>	<u>\$ 7,663</u>	<u>\$ 759,705</u>

The accompanying Notes to Financial Statements are an integral part of this statement

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies*

A. Introduction

The City of Cumberland, Maryland (the City) was incorporated January 23, 1815. The City operates under a City-Administrator form of government per Charter Amendment #79 dated November 10, 1980 and provides the following services as authorized by its charter: public safety (police and fire), public works (maintenance, sewer, streets, water), recreation, community development and housing, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Financial reporting entity

The reporting entity includes all of the City's departments and agencies.

GASB Statement 14 defines component units as legally separate entities that are to be included in a government's reporting entity because of the significance of their operating or financial relationships with the government. The City has determined it does not have any component units required to be included in its financial statements.

C. Basic Financial Statements

The City's basic financial statements include both (1) government-wide (reporting the City as a whole) and (2) fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks, recreation, public works, community development and housing, and general administrative services are classified as governmental activities. The City's water, sewer and trash services, municipal parking authority and property rental operations are classified as business-type activities.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

*Government-wide financial statements*

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the City's functions and business-type activities (public safety, public works, etc.). The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, urban development and housing, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, or income taxes, intergovernmental revenues, interest income, etc.).

The City allocates indirect costs from the General Fund to the Water, Sewer, Trash, and certain special revenue funds. To accomplish this allocation, the General Fund charges an administrative service charge to those funds to recover the costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.). The government-wide financial statements present this allocation in a separate column entitled "Indirect Expense Allocation". In the fund financial statements described below, these charges are reported as expenses in the Water, Sewer, Trash and special revenue funds rather than in the General Fund.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

*Fund financial statements*

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity,

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes or that have been segregated by management to account for resources.
- c. Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.



**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

*Major Funds – Government-wide Fund Financial Statements*

GASBS No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Housing Assistance Fund accounts for the administration and payment of rent to provide improved housing for low income residents of the City of Cumberland. Funding is provided by the Department of Housing and Urban Development to the State of Maryland and then passed through to the City as a sub recipient. Approximately 500 individuals are assisted annually.

The City reports the following major proprietary funds:

The Water Fund accounts for the acquisition and maintenance of the water service provided to users within the boundaries of the City of Cumberland and certain outlying areas.

The Sewer Fund accounts for the acquisition and maintenance of the sewer service provided to users within the boundaries of the City of Cumberland and certain outlying areas.

The Municipal Parking Authority accounts for the acquisition and maintenance of the municipal parking facilities within the boundaries of the City of Cumberland, which are available for use by the public.

**D. Basis of Accounting and Measurement Focus**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting and utilize the economic resource focus. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when eligibility requirements have been met.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting and utilize the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Revenue sources subject to accrual include property taxes and other revenues such as income taxes, federal grants, and state grants. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

E. Financial Statement Amounts

Cash

Cash and cash equivalents in the statement of cash flows includes currency on hand, demand deposits and investments with maturities of three months or less.

Investments

Investments for all funds are reported at fair value, which is determined using selected bases. Short-term investments such as overnight repurchase agreements, repurchase agreements, and U.S. Treasury obligations are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments with the MD Local Government Investment Pool are reported at current value.

Inventory

Inventory is valued at cost, using the first-in, first-out (FIFO) cost method. The inventory is recorded as an asset when purchased and charged to expenditure when used.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available resources.

Receivables

The accounts receivable in the Water Fund and Sewer Fund represent gross receivables of the respective funds with no valuation allowance made for doubtful accounts since the City has preferred status in that water and sewer services are not resumed for the property until the receivables are collected. Similarly no valuation allowance is made for real estate property taxes receivable since title to real property does not pass until real estate taxes are paid in full.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund receivables” and “interfund payables” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Any long-term portion of interfund receivables, as reported in the fund financial statements, is offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Buildings	40-50 years
Water and sewer system	40-50 years
Machinery and equipment	3-20 years
Improvements	10-30 years
Other infrastructure	10-75 years

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

Deferred Revenues – Fund Financial Statements

Property tax revenue is required to be recognized in the fiscal year for which taxes have been levied, provided they are available to finance the budget for a particular period. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Generally accepted accounting principles provide that such time thereafter shall not exceed sixty days. To the extent property tax levies have not been collected within sixty days past year-end, the City has deferred the revenue.

In accordance with Governmental Accounting Standards Board Statement 33, non-exchange revenue (for example, most taxes, grants, and private donations) not received within sixty days after the fiscal year end is deferred and recognized as revenue in future periods when it becomes available.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable, accrued compensated absences, and capital leases payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financial sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The City accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide financial statement. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses and are not eliminated in the process of consolidation in the government-wide financial statements. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Bond Discounts and Issuance Costs

In the governmental funds, bond discounts and issuance costs are treated as period costs in the year of issues.

In proprietary funds, bond discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts are presented as a reduction of the face amount of the revenue bonds payable whereas issuance costs are recorded as other costs.

At the government-wide level these costs in the governmental funds are adjusted and reported in the same way as in proprietary funds.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

Capitalized Interest

Interest costs are capitalized when incurred by proprietary funds on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The following funds were affected:

	Total Interest Costs Incurred	Interest Charged To Expense	Interest Cost Capitalized	Interest Revenue Used to Offset Interest Costs	Net Capitalized Interest
Water Fund	\$ 564,066	\$ 476,929	\$ 87,137	\$ -	\$ 87,137
Sewer Fund	205,736	142,372	63,364	-	63,364
MPA Fund	124,747	50,968	73,779		73,779
Non-Major Proprietary Funds	3,143	3,143	-	-	-

Interest costs are expensed when incurred by governmental fund types where proceeds are used to finance the construction of capital assets.

Operating and Non-Operating Revenues

The statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues. For this purpose, operating revenues, such as water, sewer, and trash fees, result from exchange transactions associated with the principal activities of the City. Exchange transactions are those in which each party to the transactions receives or gives up essentially equal values. Non-operating revenues arise from exchange transactions not associated with the City's principal activities (such as investment income) and from all non-exchange transactions (such as grants).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

**F. Stewardship, Compliance and Accountability**

**Budgets and Budgetary Accounting**

An annual operating budget is legally adopted for the General Fund. The budget amounts in the required supplemental information were adopted on a basis consistent with generally accepted accounting principles and are as originally adopted or as amended by the City Council. Supplemental appropriations in the amount of \$1,540,642 were approved for fiscal year 2008 during fiscal year 2008 and fiscal year 2009.

Annual budgets for other governmental fund types are not adopted and therefore are not presented.

The City has elected to employ the use of encumbrance accounting for financial and budgetary reporting purposes for the governmental funds in order to carry forward the requisite governmental funds for purchase orders that are outstanding at year end and where these commitments are intended to be fulfilled. These governmental funds are reserved and are not available for new spending. Appropriations for proprietary fund generally lapse at year end and are treated as expenditures in the year the liability is incurred.

The City follows these procedures in establishing the budgetary data reflected in the financial statements. Expenditures may not legally exceed appropriations at the function level.

1. Approximately in February, revenues are projected for the fiscal year commencing the following July 1. This information is forwarded to the individual department heads to prepare their budgets according to the projected revenues.
2. The department budgets are accumulated by the City Administrator, who prepares a formal budget and submits it to the Mayor and City Council.
3. Public hearings are conducted at the City Hall to obtain taxpayer comments.
4. Prior to July 1, the budget is legally enacted through passage of an ordinance.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 1. Summary of Significant Accounting Policies – (Continued)*

5. The Mayor and City Council can approve supplemental appropriations during the year.
6. The Mayor and City Council can approve budget amendments between departments during the year.

Net Assets/Fund Balance Deficit

The following funds had deficit fund balances at June 30, 2008:

Trash Fund	(244,939)
Program Open Space	(123,719)
Section 8	(12,509)
Tax Increment Financing District	(39,735)
Police Grants	(56,513)
Economic Development	(9,405)
Miscellaneous Funds	
Capital Projects	(17,953)
Special Recreation	(16,959)
Shade Tree Commission	(431)

All of the aforementioned funds will have their deficit fund balances restored with the recognition of deferred revenue at June 30, 2008 as revenue in fiscal year 2009 or with the receipt of grant reimbursements and fund transfers in future years.

Compliance with Finance Related Legal and Contractual Provisions

The City incurred no material violations of finance related legal and contractual provisions.

*Note 2. Cash and Investments*

Cash

As of June 30, 2008, the carrying amount of the City's deposits was \$661,109 and the bank balance was \$1,196,669 (including an investment in an overnight repurchase agreement in the amount of \$596,807).

Cash Risks and Policies

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits with financial institutions to be fully secured by collateral. The City's cash



**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 2. Cash and Investments – (Continued)*

balances at financial institutions at June 30, 2008 are fully collateralized with securities held by the City's agent in the City's name.

Investments

As of June 30, 2008, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Total</u>	<u>Investment Maturity</u>		<u>Credit Rating</u>
		<u>Less than 90 Days</u>	<u>90 days to one year</u>	
Municipal Money Market Savings	\$107,903	\$ 107,903		N/A
Maryland Local Government Investment Pool	2,821,988	2,821,988		N/A
U.S. Treasury Money Market	78,457	78,457		N/A
	\$3,008,348	\$3,008,348	\$ 0	

Investment Risks and Policies

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City investment policy specifies the following diversification by instrument:

<u>Diversification by Instrument</u>	<u>Maximum Percent of Portfolio</u>
U.S. Treasury Obligations	100%
Maryland Local Government Investment Pool	90%
Repurchase Agreements (Master Repurchase Agreement required)	70%
Collateralized Certificates of Deposit (Only Maryland Commercial Banks)	70%
U.S. Government Agency and U.S. Government-sponsored instrumentalities	50%

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 2. Cash and Investments – (Continued)*

increased risk of adverse interest rate changes. The City's investment policy indicates that the majority of the investments of the City will be on a short term basis (less than one year). However, a portion of the portfolio can contain investments with longer maturities (up to two years from date of purchase). These investments are limited to direct federal government obligations and to securities issued by U.S. Government agencies.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. With the exception of the direct purchase of U.S. Treasury's, no more than 90% of the City's total investments may be placed at the Maryland Local Government Investment Pool and no more than 70% of the City's total investment may be placed at any one financial institution.

**Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City policy provides that investment collateral is to be held by a third party custodian with whom the City has a current custodial agreement in the City's name. All of the City's investments are collateralized with securities held by the City's agent in the City's name.

The City's investment policy and state law requires collateralization of 102% of market value of investments. ARTICLE 95, Section 22 of the Annotated Code of Maryland authorizes the City to invest surplus funds in bonds or in other obligations of which the full faith and credit of the United States of America are pledged, obligations of federal government agencies issued in accordance with an Act of Congress, repurchase agreements that are secured by any bond or other obligation for the payment of which the full faith and credit of the United States are pledged, any bank or banks in the State of Maryland, any savings and loan association, any building and loan association, in interest-bearing time deposit; and/or savings accounts, or in the Local Government Investment Pool. The City is in compliance with its investment policy and State law having all deposits and investments collateralized at 102% of market value with bonds or other obligations secured by the full faith and credit of the United States.

The City invests in the Maryland Local Government Investment Pool which is administered by the Mercantile-Safe Deposit and Trust Company. These approved investments are carried at cost, which approximates market and may be liquidated as needed. Due to the short-term nature of the Maryland Local Government Investment Pools' assets and liabilities, the carrying value as recorded in the statements of assets and liabilities approximates fair value. The Maryland Local Government Investment Pool is not registered with the Securities and Exchange Commission. The Board for the Maryland State Treasurer's Office oversees its operations.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 2. Cash and Investments -- (Continued)*

Restricted cash is reported in the General Fund in the amount of \$150,555. This cash is obtained through police seizures and restricted for public safety activities.

Restricted investments are reported in the General, Water, Sewer, MPA, and Non-Major Governmental Funds in the amount of \$1,891,886. These investments are restricted for the acquisition of assets and improvements under various financing arrangements.

*Note 3. Due from Other Governments*

Amounts due from other governments primarily represent tax, grant and shared revenues due from the Federal, State and local governments.

*Note 4. Interfund Receivables, Payables and Transfers -- Fund Financial Statements*

Interfund receivables and payables and transfers as of June 30, 2008 are as follows:

	Interfund Receivables	Interfund Payables
Governmental Funds:		
General Fund	\$ 146,828	\$ 378,760
Housing Assistance Fund		170,221
Non-Major Government Funds	36,354	423,161
Sub-total	183,182	972,142
Proprietary Funds:		
Water Fund	838,226	288,682
Sewer Fund	627,767	335,459
MPA Fund	84,557	126,549
Non-Major Proprietary Funds	-	10,900
Sub-total	1,550,551	761,590
<b>Total Interfund Receivable/Payable-Current</b>	<b>1,733,732</b>	<b>1,733,732</b>

All current interfund receivables are expected to be repaid within the next fiscal year. The interfund balances as of June 30, 2008 are the result of a centralized cash receipt and disbursement function. This results in funds having a deficiency or excess of cash depending on the timing of the receipt of revenues or other sources and/or the payment of expenditures (or expenses) or other uses of cash.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 4. Interfund Receivables, Payables and Transfers – Fund Financial Statements –  
(Continued)*

	Interfund Receivables	Interfund Payables
<b>Governmental Funds:</b>		
General Fund	\$ 171,894	\$ -
Housing Assistance Fund	-	-
Non-Major Governmental Funds	-	144,525
Sub-total	171,894	144,525
<b>Proprietary Funds:</b>		
Water Fund	80,067	-
Sewer Fund	355,954	-
MPA Fund	-	159,055
Non-Major Proprietary Funds	-	304,335
Sub-total	436,021	463,390
<b>Total Interfund Receivable/Payable Non-Current</b>	<b>\$ 607,915</b>	<b>\$ 607,915</b>

All non-current interfund receivables are expected to be repaid within a reasonable amount of time, but not necessarily within the next fiscal year. Material interfund loans include amounts owed by the Trash Fund to the General and Sewer Funds, as well as amounts owed by the MPA Fund to the Water and Sewer Funds. These interfund loans are the culmination of years of cash deficiencies and repayment is expected in future years as excess revenue is generated.

	Interfund Transfers-In	Interfund Transfer-Out
<b>Operating Transfers:</b>		
<b>Governmental Funds:</b>		
General Fund	\$ 1,341,615	\$ 350,926
Housing Assistance Fund	-	-
Non-Major Governmental Funds	305,597	130,861
Sub-total	1,647,212	481,787
<b>Proprietary Funds:</b>		
Water Fund	25,617	571,312
Sewer Fund	31,986	618,487
MPA Fund	60,124	840
Non-Major Proprietary Funds	-	92,513
Sub-total	117,727	1,283,152
<b>Total Transfers (Fund Financial Statements)</b>	<b>1,764,939</b>	<b>1,764,939</b>
<b>Capital Transfers (Government-Wide Financials)</b>		
General Fund	65,386	
Sewer Fund		65,386
Sub-total	65,386	65,386
<b>Total Interfund Transfer In/Out</b>	<b>\$ 1,830,325</b>	<b>\$ 1,830,325</b>

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 4.    Interfund Receivables, Payables and Transfers – Fund Financial Statements –  
(Continued)*

Transfers to support the operations of other funds are recorded as “Operating Transfers” and classified as “Other Financing Sources (Uses)” in the fund statements. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-Wide financial statements. The combination of the transfer-out’s in the Water and Sewer Funds represents management’s transfer of 80% of the combined “net income before capital contributions” of those two funds to the General Fund for use in the operation of the general government.

In addition, the Sewer Fund transferred capital assets of a net carrying value of \$65,386 to the General Fund. Because the General Fund does not report capital assets, the transfer is reported as a capital contribution to governmental activities in the proprietary fund statement of revenues, expenses, and changes in net assets and reclassified as a transfer in the government-wide statement of activities.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 5. Capital Assets**

City of Cumberland capital assets activity for the year ended is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Non-depreciable assets:</b>				
Land	\$ 994,096	\$ -	\$ (19,600)	\$ 974,496
Construction in progress	1,706,254	1,371,713	(125,895)	2,952,072
Total non-depreciable assets	2,700,350	1,371,713	(145,495)	3,926,568
<b>Depreciable assets:</b>				
Buildings and improvements	13,214,776	429,176	(311,886)	13,332,066
Machinery and equipment	6,221,560	1,487,126	(391,076)	7,317,610
Infrastructure	20,420,941	56,866	-	20,477,807
Total depreciable assets	39,857,277	1,973,168	(702,962)	41,127,483
<b>Accumulated depreciation:</b>				
Buildings and improvements	6,379,016	424,646	(230,469)	6,573,193
Machinery and equipment	4,507,513	633,333	(295,533)	4,845,313
Infrastructure	11,503,382	602,448	-	12,105,830
Total accumulated depreciation	22,389,911	1,660,427	(526,002)	23,524,336
<b>Depreciable assets, net</b>	<b>17,467,366</b>	<b>312,741</b>	<b>(176,960)</b>	<b>17,603,147</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 20,167,716</b>	<b>\$ 1,684,454</b>	<b>\$ (322,455)</b>	<b>\$ 21,529,715</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<b>Non-depreciable assets:</b>				
Land	\$ 368,371	\$ -	\$ -	\$ 368,371
Land improvements	446,208	-	-	446,208
Construction in progress	4,099,804	5,170,542	(439,708)	8,830,638
Total non-depreciable assets	4,914,383	5,170,542	(439,708)	9,645,217
<b>Depreciable assets:</b>				
Buildings and improvements	83,548,549	532,301	-	84,080,850
Machinery and equipment	4,638,094	546,850	(344,830)	4,840,114
Total depreciable assets	88,186,643	1,079,151	(344,830)	88,920,964
<b>Accumulated depreciation:</b>				
Buildings and improvements	27,548,063	1,831,403	-	29,379,466
Machinery and equipment	2,801,676	401,942	(266,787)	2,936,831
Total accumulated depreciation	30,349,739	2,233,345	(266,787)	32,316,297
<b>Depreciable assets, net</b>	<b>57,836,904</b>	<b>(1,154,194)</b>	<b>(78,043)</b>	<b>56,604,667</b>
<b>Business-type capital assets, net</b>	<b>\$ 62,751,287</b>	<b>\$ 4,016,348</b>	<b>\$ (517,751)</b>	<b>\$ 66,249,884</b>

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 5. Capital Assets – (Continued)*

Depreciation expense is charged to functions as follows:

<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
General Government	\$ 192,779	Water	\$ 1,082,657
Public Safety	396,190	Sewer	1,007,861
Public Works	751,479	Municipal Parking	96,916
Recreation	147,493	Property Rental	45,911
Urban Development & Housing	82,089		<u>\$ 2,233,345</u>
	<u>\$ 1,570,030</u>		

*Note 6: Long Term Liabilities*

Long-term Liability Activity

Long term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b><u>Governmental Activities:</u></b>					
<b>Bonds and notes payable:</b>					
General Obligation Bonds	\$ 5,991,982	\$ -	\$(558,986)	\$ 5,432,996	\$ 612,672
Notes and capital leases	2,019,579	2,280,600	(482,703)	3,817,476	450,431
Less: deferred amounts on refunds	-	-	-	-	-
Total bonds, notes and leases payable	8,011,561	2,280,600	(1,041,689)	9,250,472	1,063,103
Compensated absences	2,034,089	1,761,045	(1,667,373)	2,127,761	789,271
Workers comp payable	593,785	1,633,817	(481,344)	1,746,258	-
Governmental activities long-term Liabilities	\$10,639,435	\$ 5,675,462	\$(3,190,406)	\$13,124,491	\$1,852,374
<b><u>Business-type Activities:</u></b>					
<b>Bonds and notes payable:</b>					
General Obligation Bonds	\$26,987,965	\$ 130,455	\$(2,171,470)	\$24,946,950	\$2,395,510
Notes and capital leases payable	3,310,224	259,900	(247,872)	3,322,252	337,406
Less: deferred amounts on refunds	(224,871)	-	26,451	(198,420)	-
Total bonds and notes payable	30,073,318	390,355	(2,392,891)	28,070,782	2,732,916
Compensated absences	698,273	527,893	(522,498)	703,668	232,642
Workers comp payable	138,987	313,227	(180,519)	271,695	-
Business-type activities long-term liabilities	\$30,910,578	\$ 1,231,475	\$(3,095,908)	\$29,046,145	\$2,965,558

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 6: Long Term Liabilities – (Continued)*

Long-Term debt payable at June 30, 2008 is comprised of the following General Obligation Bonds:

<i>\$755,795, 1991 Sewer Fund bonds due in annual installments of \$42,465 to \$60,557 through February, 2011; interest at 3.594%</i>	\$ 135,799
<i>\$376,255, 1991 Sewer Fund bonds due in annual installments of \$25,747 to \$27,458 through February, 2012; interest at 3.375%</i>	96,430
<i>\$400,000 1999 Water Fund bond due in annual installments of \$20,173 through February, 2029; interest at 2.39%</i>	314,638
<i>\$5,000,000, 1999 Sewer Fund bond authorized due in annual installments of \$332,120 through February, 2021; interest at 2.39%</i>	3,511,228
<i>\$2,231,000, 1999 Public Improvement bond due in semi-annual installments of \$108,592 through September, 2014; interest at 5.28%</i>	1,181,912
<i>\$6,000,000, 2001 Water Fund bond due in semi-annual installments of \$5,124 and \$99,934 through February, 2032; interest at 1.50%, \$1,200,000 to be forgiven March, 2011</i>	5,203,439
<i>\$1,400,000, 2002 Merchant's Alley Public Improvement Bonds due in installments of \$26,800 to \$136,877 through August, 2016; interest at 4.030%</i>	969,231
<i>\$586,200, 2004 Community Development Administration Infrastructure Financing bond due in annual installments of \$83,286 to \$85,059 through May, 2012; interest at 2.96%</i>	307,300
<i>\$220,007, 2005 Water Quality State Revolving Fund Loan due in annual installments of \$12,887 through February, 2024; interest at 0.4%</i>	195,895
<i>\$2,485,000, 2005 Drinking Water State Revolving Fund Loan due in annual installments of \$72,776 through February, 2034; interest at 0.4%, \$497,000 to be forgiven November, 2014.</i>	2,290,709
<i>\$480,000, 2005 Tax Incremental Financing bond due in semi-annual installments of \$16,400 to \$28,600 through May, 2020; interest at 5.0%</i>	384,000
<i>\$7,900,442, 2005 General Obligation bond due in semi-annual installments of \$7,837 to \$873,773 through May, 2021; interest at 3.97%</i>	6,095,915
<i>\$4,500,000, 2006 Public Improvement Bond due in semi-annual installments of \$145,000 to \$330,000 through September, 2026 at 4.36%</i>	4,355,000



**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 6: Long Term Liabilities – (Continued)**

\$6,219,000, 2007 Public Improvement Bond due in semi-annual installments of \$416,000 to \$687,000 through April, 2012 at 3.63%	5,208,000
\$341,035, 2008 Water Quality State Revolving Fund Loan due in semi-annual installments of \$19,930 to \$21,248 through February, 2028 at 1.10%	<u>130,450</u>
	<u>\$30,379,946</u>

In May 2008, the City authorized \$341,035 in Water Quality Bonds financed through the Maryland Water Quality Financing Administration. The amount advanced under this bond was \$130,450 at June 30, 2008.

Notes and capital leases payable

\$336,600 (Face amount and cost of asset), copier equipment capital lease due in monthly installments of \$6,120 through April 2011; interest at 0%	285,600
\$323,222 (Face amount and cost of asset), Silverado and Backhoe lease due in annual installments of \$69,087 through July 2009; interest at 3.44%	131,356
\$651,501 (Face amount and cost of asset), 2005 equipment lease due in quarterly installments of \$35,414 through July 2010; interest at 3.59%	304,879
\$323,969 (Face amount and cost of asset), VAC and Dump Trucks lease due in quarterly installments of \$17,768 through December 2010; interest at 3.98%	168,324
\$130,194 (Face amount and cost of asset), trucks and SUV lease due in quarterly installments of \$7,194 through February 2011; interest at 4.30%	74,245
\$99,820 (Face amount and cost of asset), IBM lease due in monthly installments of \$2,733 through December 2008; interest at 0%	7,262
\$456,000 (Face amount and cost of asset), 2007 Equipment lease due in quarterly installments of \$25,244 through January 2012; interest at 3.96%	350,279
\$3,749,401 (Face amount and cost of asset/expense), 2007 lease due in semi-annual installments of \$170,856 through May 2022; interest at 4.097%	3,613,283
\$804,500 (Face amount and cost of asset), equipment lease due in semi-annual installments of \$44,826 through April 2012; interest at 3.719%	804,500
\$1,400,000 (Face amount and cost of expense), Section 108 loan due in semi-annual installments of \$40,446 to \$116,538 through August 2028; interest at 2.62%-5.42%	<u>1,400,000</u>
	<u>\$7,139,728</u>

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 6: Long Term Liabilities – (Continued)*

*Debt Maturity*

Debt service requirements at June 30, 2008 were as follows:

<b>Governmental Funds</b>						
Year	Bonds		Notes & Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$612,672	\$228,311	\$450,431	\$126,422	\$1,063,103	\$354,733
2010	632,100	202,314	524,884	127,075	1,156,984	329,389
2011	653,723	175,510	397,253	111,013	1,050,976	286,523
2012	674,428	147,791	360,966	99,347	1,035,394	247,138
2013	379,055	121,725	280,572	88,721	659,627	210,446
2014-2018	1,335,094	378,449	726,430	337,648	2,061,524	716,097
2019-2023	643,219	176,830	636,940	188,051	1,280,159	364,881
2024-2028	502,705	45,051	365,000	71,395	867,705	116,446
2029-2033	-	-	75,000	2,033	75,000	2,033
2034-2038	-	-	-	-	-	-
	<u>\$ 5,432,996</u>	<u>\$ 1,475,981</u>	<u>\$3,817,476</u>	<u>\$1,151,705</u>	<u>\$9,250,472</u>	<u>\$2,627,686</u>

<b>Proprietary Funds</b>						
Year	Bonds		Notes & Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$2,395,510	\$672,770	\$337,406	\$ 133,229	\$2,732,916	\$805,999
2010	2,474,568	591,884	354,025	116,594	2,828,593	708,478
2011	3,749,904	507,066	301,738	102,644	4,051,642	609,710
2012	2,588,956	419,491	245,310	91,873	2,834,266	511,364
2013	931,985	340,621	221,560	82,693	1,153,545	423,314
2014-2018	5,371,271	1,223,806	950,166	297,081	6,321,437	1,520,887
2019-2023	4,097,815	612,946	912,047	86,036	5,009,862	698,982
2024-2028	2,117,194	218,219	-	-	2,117,194	218,219
2029-2033	1,147,272	39,576	-	-	1,147,272	39,576
2034-2038	72,475	290	-	-	72,475	290
	<u>\$ 24,946,950</u>	<u>\$4,626,669</u>	<u>\$3,322,252</u>	<u>\$ 910,150</u>	<u>\$28,269,202</u>	<u>\$5,536,819</u>

*Note 7. Deferred Revenue*

The governmental fund balance sheet reports \$1,342,595 and \$707,780 of deferred revenues in the General and Non-Major Governmental Funds, respectively. Included in those deferred revenues are \$231,255 and \$346,401 revenues deferred solely because they are not yet considered available as defined by GASB 33 and as discussed in Note 1(E). The remainder of the deferred revenue represents deferred property tax revenues in the amount of \$1,111,340 and \$10,811 and deferred rehabilitation loans in the amount of \$350,569.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 8. Compensated Absences*

Statement 16 of the Governmental Accounting Standards Board (GASB) - Accounting for Compensated Absences requires employers to accrue a liability for certain future vacation, sick, and other leave benefits provided the following conditions are met:

- a. The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- b. The obligation relates to rights that vest.
- c. Payment of the compensation is probable and not contingent on a specific event outside the control of the City or the employee.
- d. The amount can be reasonably estimated.

City employees earn vacation time depending upon their length of service to the City and are eligible to use this vacation time in the year subsequent to the year it is earned.

City employees earn fifteen sick leave days per year with no maximum accumulation ceiling. It is the policy of the City to pay 86 days of sick leave days accumulated upon retirement of an employee.

All vacation pay and unpaid sick leave to which employees are entitled have been accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if it has matured (for example, as a result of employee resignations and retirements). The estimate of the accrued sick leave and vacation liabilities reported in the governmental activities section of the government-wide financial statements is \$2,127,761. Accrued sick leave and vacation liabilities for the City's proprietary funds in the amount of \$703,668 have been recorded in both the fund financial statements and the government-wide financial statements.

Liabilities for compensated absences are liquidated using resources from the fund in which the employee terminating service previously charged his or her salary and benefit costs.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Note 9. Classification of Net Assets – Government-wide Financial Statements**

In the government-wide financial statements, net assets are classified in the following categories:

Invested In Capital Assets Net Of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The City's policy is generally to use restricted net assets first, as appropriate opportunities arise.

Unrestricted Net Assets – this category represents the net assets of the City, which are not restricted for any project or other purpose.

**Note 10. Fund Balance Reserves and Designation – Fund Financial Statements**

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are reestablished by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. As of June 30, 2008, reservations of fund balance are described below:

The "Reserved for restrictions" classification in the fund equity section of the governmental fund balance sheet reflects assets that have been legally restricted for specified purposes and are not available for other uses.

The "Reserved for long term assets" classification in the fund equity section of the governmental fund balance sheet is comprised of the following as it represents assets that are not "available spendable resources":

	General Fund	Housing Assistance Fund	Non-major Funds
Housing loans receivable	\$ -	\$ -	\$ 354,193
Loans receivable, net of deferred portion	-	-	86,087
Notes receivable	-	-	6,643
Interfund Receivables, non-current	171,894	-	-
Total	\$ 171,894	\$ -	\$ 446,923

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 10. Fund Balance Reserves and Designation -- Fund Financial Statements--(Continued)*

Designations of equity, if any, are used to show the amounts within unreserved equity, which are intended to be used for specific purposes, but are not legally restricted.

*Note 11. Prior Period Adjustments*

Management has determined the workers' compensation and compensated absences liabilities are long-term liabilities rather than short-term liabilities and should therefore not be reported as a liability in the governmental funds in accordance with generally accepted accounting principles. Accordingly, the General Fund's beginning fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balances -- Governmental Funds has been restated to reflect the removal of the workers' compensation June 30, 2007 liability in the amount of \$593,785 and the compensated absences June 30, 2007 liability in the amount of \$732,782. The removal of these two long-term liabilities from the governmental funds resulted in the prior fund balance being restated (increased) by \$1,326,567. This change in reporting of liabilities in the governmental funds financial statements did not affect the beginning net assets balance in the Government-Wide Statement of Net Assets.

*Note 12. Property Taxes*

Taxes are levied July 1 of each year. State law mandates owner-occupied residential property owners may elect to pay real property taxes under a semi-annual payment schedule. The first installment is due by September 30, and the second installment is due December 31, of the tax year without interest. A lien for property taxes attaches to the property at the time of billing, but the enforcement of the lien does not occur until the property taxes have been unpaid for period of three years.

General Fund

As permitted by the City Charter, as amended, the City levied taxes in fiscal year 2008 at a rate of \$0.9479 per \$100 of assessed valuation on real property which is assessed at full market value. The present adjusted assessed valuation of real property is \$694 million.

The City levied taxes at a rate of \$2.568 per \$100 of assessed valuation on personal property which is assessed at depreciated value.

Special Taxing District

The City is permitted by City Charter Amendment Resolution number 81 dated March 10, 1981 to levy taxes on certain real property located within the two zones of the special taxing district to provide funds for the payment of the costs of operation of a pedestrian mall within the central business district including debt

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 12. Property Taxes – (Continued)*

service payments on the portion of general obligation bonds payable used to finance the construction of the mall.

The two zones within the special taxing districts are identified as the Primary and Secondary zones.

Primary Zone

The tax rate in the primary zone for the year ended June 30, 2008 was \$0.456 per \$100 of assessed valuation. Real property is assessed at full market value. The present adjusted assessed valuation is \$23.8 million.

Secondary Zone

The tax rate in the secondary zone for the year ended June 30, 2008 was \$0.268 per \$100 of assessed valuation. Real property is assessed at full market value. The present adjusted assessed valuation is \$24 million.

Tax Incremental Financing District

The City is permitted by Resolution dated September 21, 2004 to levy taxes on certain real property located within a special taxing district known as the “Shades Lane Development District” to provide funds for the payment of debt service on special obligation bonds issued to finance capital improvements within the district. The tax rate for the property within this district was \$3.40 per \$100 of assessed valuation. Real property is assessed at full market value. The present adjusted assessed valuation is \$1,198,780.

*Note 13. Pending Claims and Litigation*

On or about October 9, 2007, legal proceedings were instituted against the City by ten (10) city firefighters alleging that the City violated provisions of the Fair Labor Standards Act (FLSA), the Maryland Wage Payment Collection Act (MWPCA), and the Maryland Wage and Hour Law (MWHL) relative to the payment of overtime hours paid. The firefighters seek back pay for overtime that allegedly was not paid, liquidated damages and attorney fees under the FLSA and the MWHL, and treble damages and attorney fees under the MWPCA. Dispositive motions have been filed by the parties, and the parties await a ruling on these motions. Management and legal counsel are not in a position to estimate the probability of loss, if any.

There are several other pending lawsuits in which the City is involved. Management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City at June 30, 2008.

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 14. Contingent Liabilities*

The City participates in a number of federal and state assisted grant programs, principal of which are the Community Development Block Grant and Section Eight housing programs. These programs are subject to program compliance audits by the grantors. Accordingly, the City's compliance with applicable grant requirements may not be established until some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

*Note 15. Construction Commitments*

The City has active construction projects as of June 30, 2008. The projects include widening and construction of existing streets, and the construction of additional wastewater treatment facilities. At year-end the government's commitments with contractors are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Change Orders</u>	<u>Remaining Commitment</u>	<u>Fund</u>
Evitts Creek Combined Sewer Overflow (Engineering)	\$ 376,967	\$ 323,782	\$ 142,871	Sewer
Evitts Creek Combined Sewer Overflow (Construction, Phase 1 – Pump Station)	2,294,050	30,271	157,600	Sewer
Center City Parking Garage	1,276,937	55,525	23,960	MPA
Rolling Mill Access Phase 2&3	1,950,388	13,823	899,050	General/Water/ CDBG
ENR (Engineering Contract) WWTP	2,018,074	2,161,993	1,506,616	Sewer
Total	<u>\$ 7,916,416</u>	<u>\$ 2,585,394</u>	<u>\$ 2,730,097</u>	

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 16. Other Commitments*

The State of Maryland had previously filed suit against the City of Cumberland and neighboring jurisdictions which use the Cumberland Wastewater Treatment Plant seeking a court-enforceable timetable for correcting the City's Combined Sewer Overflow problem. On November 6, 2001, the City executed a Consent Decree and Judgment in the litigation brought by the Maryland Department of the Environment. The Consent Decree and Judgment requires the City to correct the Combined Sewer Overflow problems in phases over 20 years after the acceptance of all of the Long-Term Control Plans (LTCP) from LaVale, Allegany County, and the City of Frostburg. Those plans have been now accepted by MDE and the City was required to revise its LTCP. The revised plan, submitted to MDE on February 3, 2006, added the Evitts Creek Pump Station and Conveyance to the Phase 1A (Mill Race sewer relocation and screens) and Phase 1B (parallel pipelines from Mill Race to a storage facility). To date Phase 1A is complete and part of Phase 1B was completed in FY '06. The LTCP includes an estimate of future project costs. The estimated cost is \$47,600,000, and the work is required to be completed by 2026. The work is expected to be funded through EPA Grants, MDE Grants, and MDE SRF Loans. Phase 1 work has been delayed because of delays associated with funding of the rewatering of the C&O Canal. In FY'07, it was decided to transfer all remaining EPA and MDE Grant Funds from the Phase 1 project to the Evitts Creek Pump CSO Project which is expected to be completed in FY'09. The forces main and gravity sewer portions (Phase II) of the Evitts Creek CSO Project is expected to be bid in FY'09 and completed in FY'10. The City has committed to provide Enhanced Nutrient Removal (ENR) at the City's Wastewater Treatment Plan. Engineering continued into FY'09 and the project was bid in November 2008. The estimated cost of this major project is \$38,000,000. 73% of the project cost will be funded through State of Maryland's ENR Program; the local share of 27% will be funded through State Revolving Loan Funds (SRF).

*Note 17. Risk Management*

The City is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which it carries commercial insurance. The City retains no risks for claims up to the maximum amount of the policy except for deductible amounts. The City did not have losses in excess of its insurance coverage for the current and three prior fiscal years.



**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 17. Risk Management – (Continued)*

Worker's Compensation

The City's insurance carrier provides, for a premium, a high-deductible worker's compensation insurance policy to the City under a Prefunded Deductible Program. The City's per claim deductible is \$350,000 with a deductible aggregate of \$1,875,000. As of June 30, 2008, the unspent, prefunded amount paid to the third party administrator has been included in the financial statements as a prepaid expense.

Third party administrators estimated the claims liability reported in the various funds at June 30, 2008. It is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Because actual claims liabilities depend on such complex factors as inflation, change in legal doctrines and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of claims payable relating to the funds for the fiscal year 2008 are as follows:

	<u>2007</u>	<u>2008</u>
Balance at July 1,	\$ -	\$ 732,772
Claims and changes in estimates	877,660	1,947,044
Claims payments	<u>(144,888)</u>	<u>(661,863)</u>
Balance at June 30,	<u>\$ 732,772</u>	<u>\$ 2,017,953</u>

*Note 18. Pension and Retirement Systems*

**Defined Benefit Plans**

Plan Description

The employees of the City are provided retirement benefits through the Maryland State Retirement Systems (MSRS) which administer the Employees' Retirement System (established October 1, 1941 and closed for new entrants on December 31, 1979) and the Employees' Pension System (established January 1, 1980), under the provisions of State Personnel and Pension Article 73B of the Annotated Code of Maryland.

The City's employees, other than uniformed police officers, are members of the Employees Pension System. The City elected to join the Alternate Contributory Pension Selection (ACPS) which was established as of July 1, 2006. Beginning in

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 18. Pension and Retirement Systems – (Continued)*

fiscal year 2002, uniformed police officers were covered under the Local Fire and Police System (LFPS).

Both of these plans are cost-sharing multiple-employer defined benefit plans, providing retirement, disability, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries. Responsibility for the organization and administration of the Systems is vested in the Board of Trustees of the Maryland State Retirement and Pension Systems. The MSRS, which issues its own financial report, is a component unit of the State of Maryland's financial reporting entity. Detailed information of the plans and copies of its financial report may be obtained from:

State Retirement Agency of Maryland  
120 E. Baltimore Street  
Baltimore, Maryland 21202

Funding Policy

Employees covered under the ACPS were required to contribute 4% of their earnable compensation during FY 2008. The City is required to contribute at an actuarially determined rate. The current rate is 5.27% of covered payroll. The City also is required to pay an ACPS surcharge at a rate of 7.44% of covered payroll. The contribution requirements of plan members and the City of Cumberland are established and may be amended by the MSRS Board of Trustees. The City's base contributions for the years ended June 30, 2008, 2007, and 2006 were \$435,236, \$587,557, and \$520,100 respectively, equal to the required employer contributions for each year. The City's ACPS surcharge for the year ended June 30, 2008 was \$557,299, equal to the required employer contribution for the year.

Employees covered under the LFPS contribute 5% of their earnable base salary in excess of the social security wage base. The City is required to contribute an actuarially determined rate. The current contribution rate for the City is 21.58% of covered payroll for the pension system and 2.95% of covered payroll for a social security benefit surcharge. The City of Cumberland's contribution for the years ended June 30, 2008, 2007 and 2006 were \$522,506, \$473,393, and \$500,875, respectively, which were equal to the required employer contributions for each year.

The Maryland State Retirement Systems' actuaries changed their method of allocation between participating local governments in 1997. This change in method resulted in the City being assigned a funding deficit even though the City has always paid the required contribution billed by the State. The City has chosen to make payment in 40 annual installments through December 2035. The deficit

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 18. Pension and Retirement Systems – (Continued)*

payments for 2008, 2007 and 2006 were \$148,489, \$141,418, and \$134,684, respectively, equal to the required employer contributions for each year. The deficit balance as of July 1, 2007 is \$2,956,679.

**Deferred Compensation Plan/Defined Contribution Plan**

The City allows employees to defer portions of their compensation into a trust which is a separate entity self trusted by the City under Internal Revenue Code Section 457(b) Deferred Compensation Plan. The trust owns all plan assets for the exclusive benefit of the participants and their beneficiaries. Employees deferred \$336,070 into the deferred compensation plan during the current year.

The City has also established a defined contribution plan under Internal Revenue Code Section 401(a) entitled "City of Cumberland 401(a) Match Plan". The City's obligation to match the first \$300 the City management employees defer into the deferred compensation plan described in the preceding paragraph, ended June 30, 2007. As of March 31, 2008, the funds from the two aforementioned plans were transferred to a different third party administrator, at which time, the funds for both plans were merged into the Deferred Compensation Plan. The City contributed \$34,764 in accordance with employee contract agreements into the deferred compensation plan for the current year. The City also contributed \$107,955 to this defined contribution plan for employees who elected to opt out of the City's health insurance plan.

The City Administrator, City Solicitor and City Comptroller are trustees of both plans and administer both plans. Plan provisions and contribution requirements are established by and may be amended by the City.

*Note 19. Post-Employment Health Care Benefits*

In addition to providing pension benefits described in Note 18, the City provides for post employment health care benefits, in accordance with City statutes, to all employees who retire from the City with at least 5 years of service. Approximately 100 retirees meet those eligibility requirements. For retirees meeting the criteria prior to October 1, 2003, the City pays 100% of the individual health insurance premiums for these pre-Medicare retirees. If these employees choose to participate in a higher cost plan (for example, a family plan), they pay the cost differential. As of October 1, 2003, any new retirees under the age of 65 receive \$225 per month (adjusted for inflation) contributed towards either their individual plan continuation with the City or with a plan of their choice. Once the retiree becomes eligible for Medicare, the City pays for a basic supplement to Medicare coverage with the employee paying for any additional cost for a higher option they might

**CITY OF CUMBERLAND, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

*Note 19. Post-Employment Health Care Benefits – (Continued)*

select. The cost of retiree health care premiums is recognized as an expenditure as the premiums are paid. For the fiscal year ended June 30, 2008, such premiums amounted to \$390,116.

*Note 20. Subsequent Events*

On July 11, 2008, the City issued \$1 million of tax anticipation notes to manage the temporary cash flow deficits that occur when the timing of required expenditures does not coincide with the timing of the collection of taxes and other revenues. The notes were issued in anticipation of collection of property taxes to be received during the 2008-2009 fiscal year and was repaid with property tax revenue and any other income (with the exception of water department income) by October 28, 2008. On December 18, 2008, the City issued a 180-day tax anticipation note in the amount of \$1,000,000. The proceeds were available as a line of credit and were drawn upon, as needed, to pay authorized expenditures of the next fiscal year.

On November 25, 2008, the City issued \$9,070,000 in general obligation bonds with an average interest rate of 4.54 percent, maturing September 1, 2028. The bond proceeds are to be used to finance improvements to the City's streets.

## **Required Supplementary Information**

**CITY OF CUMBERLAND, MARYLAND**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenues:</b>	<b>Original</b>	<b>Final</b>		
Taxes	\$ 9,179,449	\$ 9,179,449	\$ 8,534,180	\$ (645,269)
Licenses and permits	163,724	163,724	274,909	111,185
Intergovernmental	3,786,853	3,786,853	3,846,060	59,207
Charges for services	1,292,871	1,292,871	1,282,905	(9,966)
Fines and forfeitures	2,500	2,500	375	(2,125)
Interest	75,000	75,000	43,927	(31,073)
Miscellaneous	1,004,330	1,004,330	460,218	(544,112)
<b>Total Revenues</b>	<b>15,504,727</b>	<b>15,504,727</b>	<b>14,442,574</b>	<b>(1,062,153)</b>
<b>Expenditures:</b>				
Current:				
General government	1,705,856	1,940,000	1,933,448	6,552
Public safety	9,860,317	10,210,000	10,205,111	4,889
Public works	3,007,213	3,100,000	3,055,806	44,194
Recreation	800,129	975,000	973,576	1,424
Community development and housing	440,515	600,000	599,068	932
Debt Service:				
Principal	512,576	840,000	839,453	547
Interest	272,053	310,000	306,500	3,500
Bond issue costs	-	-	-	-
<b>Total Expenditures</b>	<b>16,598,659</b>	<b>17,975,000</b>	<b>17,912,962</b>	<b>62,038</b>
Revenues in Excess of (Less Than) Expenditures	(1,093,932)	(2,470,273)	(3,470,388)	(1,000,115)
<b>Other Financing Sources (Uses):</b>				
Transfers-in	816,095	1,350,000	1,341,615	(8,385)
Transfers-out	(190,699)	(355,000)	(350,926)	4,074
Issuance of debt	-	820,600	820,600	-
<b>Total Other Financing Sources</b>	<b>625,396</b>	<b>1,815,600</b>	<b>1,811,289</b>	<b>(4,311)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (468,536)</b>	<b>\$ (654,673)</b>	<b>(1,659,099)</b>	<b>\$ (1,004,426)</b>
Fund balance, beginning, as restated			2,390,361	
Fund balance, ending			<u>\$ 731,262</u>	

**NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE**  
**JUNE 30, 2008**

- (1) An annual budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. Encumbrances and appropriations generally lapse at year-end and are treated as expenditures in the year the liability is incurred.
- (2) Annual budgets are not adopted for any other governmental fund as the City is not legally required to adopt such budgets.

## **City of Cumberland, Maryland**

### **COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS**

#### *Non-major Governmental Funds*

##### **Tax Increment Financing District**

This fund represents Special Obligation Bond funds that were used to develop Shades Lane. Tax increment revenues used to pay bonds.

##### **CDBG Fund**

Federal Community Development Betterment Grant funds are funneled through the City to various projects, including but not limited to property and home improvements, blight reduction, and infrastructure improvements within the City of Cumberland.

##### **Rehabilitation Loan Fund**

Loan program provided to property owners to make improvements to their residents.

##### **Special Taxing District**

Accounts for the special tax on property owners in the downtown area to pay for the development of the Downtown Mall.

##### **Community Legacy**

Community Legacy is a state grant that provides funds to aid local governments and non profits in meeting a variety of community development needs.

##### **Police Grants**

The City receives federal and state grants to be used by the Police Department which are accounted for in this fund.

##### **Lender's Loan**

Fund tracks the City's portion of a small business loan program that provides funds through the state, City, and local banks.

##### **Program Open Space**

Program Open Space funds are provided by the state for outdoor park projects and tracked through this fund.

##### **Community Parks**

Grant funds provided through the Maryland Community Parks and Playgrounds Program.

##### **Economic Development**

Expenditures are designed to specifically support economic development activities and initiatives.

##### **PIB06**

Public Improvement Bond used to fund security upgrades throughout City buildings, infrastructure and building capital improvement projects, and a new fire engine.

##### **Johnson Controls**

This fund was established for a lease agreement with M&T Bank for the payment of Johnson Controls Energy Performance Contract. The funds were held in escrow until payment of completed work which was invoiced by Johnson Controls.

##### **Misc Funds**

Includes revenues collected and expended for specific purposes, for example fireworks donations and Let's Beautify Cumberland, where the City desires to track revenue and expenses separately.

#### *Non-major Proprietary Funds*

##### **Trash**

Revenues and expenses for the City's trash collection.

##### **Property Rental**

Rental revenues and expenses related to rental of City owned properties – Naval Reservoir and HRDC building.

**CITY OF CUMBERLAND, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2008**

	<b>Tax Incremental Financing District</b>	<b>CDBG Fund</b>	<b>Rehabilitation Loan Fund</b>	<b>Special Taxing District</b>	<b>Community Legacy</b>	<b>Police Grants</b>	<b>Lender's Loan</b>	<b>Program Open Space</b>	<b>Community Parks</b>	<b>Economic Dev</b>	<b>PIB 2006</b>	<b>Johnson Controls</b>	<b>Misc Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>														
Cash and Cash Equivalents	\$ 5,414	\$ 4	\$ -	\$ 3,940	\$ 23,377	\$ -	\$ 102,410	\$ 5	\$ -	\$ 1,745	\$ 26	\$ 3,893	\$ 157,922	\$ 298,736
Investments				179,323							657,563	13,457	-	850,343
Accounts receivable		500		-						48			17,006	17,552
Prepaid Expenses		197		326		1,679				1,280			5,000	8,482
Housing loans receivable			354,193										-	354,193
Taxes receivable				10,811									-	10,811
Notes receivable			6,643										-	6,643
Loans receivable					425,546		11,110						-	436,656
Due from other governments		260,170		175	14,704	66,824		125,669	79,487	18,592			237,461	803,082
Restricted investment		1,393,412		8,213									-	1,401,625
Due from other funds											36,354			36,354
<b>Total Assets</b>	<b>\$ 5,414</b>	<b>\$ 1,654,283</b>	<b>\$ 360,836</b>	<b>\$ 202,788</b>	<b>\$ 463,627</b>	<b>\$ 68,503</b>	<b>\$ 113,520</b>	<b>\$ 125,674</b>	<b>\$ 79,487</b>	<b>\$ 21,663</b>	<b>\$ 693,943</b>	<b>\$ 17,350</b>	<b>\$ 417,389</b>	<b>\$ 4,224,477</b>
<b>LIABILITIES AND FUND EQUITY</b>														
<b>LIABILITIES:</b>														
Accounts payable	\$ -	\$ 86,940	\$ -	\$ 10,812	\$ 2,400	\$ 25,696	\$ -	\$ 103,159	\$ 38,473	\$ 9,306	\$ 27,551	\$ -	\$ 115,248	\$ 419,585
Accrued wages		11,409		3,594		4,151				3,170	1,023		-	23,347
Interfund payables	45,149	155,984		-		70,185		59,124	16,530	-	43,550		177,164	567,686
Deferred revenues	-	205,539		10,988	360,569	24,984		87,110		18,592			-	707,780
Loans payable							7,344						-	7,344
<b>Total Liabilities</b>	<b>45,149</b>	<b>459,872</b>	<b>-</b>	<b>25,392</b>	<b>362,969</b>	<b>125,016</b>	<b>7,344</b>	<b>249,393</b>	<b>55,003</b>	<b>31,068</b>	<b>72,124</b>	<b>-</b>	<b>292,412</b>	<b>1,725,742</b>
<b>FUND BALANCES:</b>														
Fund balances:														
Reserved for prepaids		197		326		1,879				1,280			5,000	8,482
Reserved for encumbrances										20,503			5,000	25,503
Reserved for restrictions		1,393,412		8,213									-	1,401,625
Reserved for long-term assets			360,836		74,977		11,110						-	446,923
Unreserved - Capital Projects	(39,735)	(199,198)		168,857	25,681	(58,192)	95,068	(123,719)	24,484	(31,188)	621,819	17,350	(17,953)	621,216
Unreserved - Special Revenue Funds	(39,735)	1,194,411	360,836	177,396	100,658	(56,513)	106,176	(123,719)	24,484	(9,405)	621,819	17,350	132,930	(5,014)
<b>Total Fund Balances</b>	<b>(39,735)</b>	<b>1,194,411</b>	<b>360,836</b>	<b>177,396</b>	<b>100,658</b>	<b>(56,513)</b>	<b>106,176</b>	<b>(123,719)</b>	<b>24,484</b>	<b>(9,405)</b>	<b>621,819</b>	<b>17,350</b>	<b>124,977</b>	<b>2,498,735</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,414</b>	<b>\$ 1,654,283</b>	<b>\$ 360,836</b>	<b>\$ 202,788</b>	<b>\$ 463,627</b>	<b>\$ 68,503</b>	<b>\$ 113,520</b>	<b>\$ 125,674</b>	<b>\$ 79,487</b>	<b>\$ 21,663</b>	<b>\$ 693,943</b>	<b>\$ 17,350</b>	<b>\$ 417,389</b>	<b>\$ 4,224,477</b>



**CITY OF CUMBERLAND, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<i>Tax Incremental Financing District</i>	<i>CDBG Fund</i>	<i>Rehabilitation Loan Fund</i>	<i>Special Taxing District</i>	<i>Community Legacy</i>	<i>Police Grants</i>	<i>Lender's Loan</i>	<i>Program Open Space</i>	<i>Community Parks</i>	<i>Economic Dev</i>	<i>PIB 2006</i>	<i>Johnson Controls</i>	<i>Misc Funds</i>	<i>Total Non-Major Governmental Funds</i>
<b>Revenues:</b>														
Taxes	\$ 82,898	\$ -	\$ -	\$ 162,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 245,560
Charges for services													49,022	49,022
Intergovernmental revenues		895,055		-	89,165	213,539		79,456	96,721	23,790			708,090	2,105,819
Interest	-	153	1,023	8,262	3,182	13	348				60,772	1,273	-	75,026
Miscellaneous		500		47,300									28,050	75,850
Total Revenues	82,898	895,708	1,023	218,224	92,347	213,552	348	79,456	96,721	23,790	60,772	1,273	785,162	2,551,277
<b>Expenditures:</b>														
Current:														
General government				223,569	9,708								36,911	270,188
Public safety						158,988							-	158,988
Public works								163,472					31,820	31,820
Recreation													10,000	173,472
Community development and housing		1,049,791	9,393		64,787					246,349			32,481	1,402,801
Capital Outlay									95,838		1,041,122	265,434	675,520	2,077,914
Debt Service:														
Principal	32,000	3,251		18,535						5,374			-	59,160
Interest	20,400			5,858									-	26,258
Total Expenditures	52,400	1,053,042	9,393	247,952	74,495	158,988	-	163,472	95,838	251,723	1,041,122	265,434	786,732	4,200,601
Total Revenues in Excess of (Less Than) Expenditures	30,498	(157,334)	(8,370)	(29,738)	17,852	54,564	348	(84,013)	883	(227,933)	(980,350)	(264,161)	(1,570)	(1,849,324)
<b>Other Financing Sources (Uses):</b>														
Operating transfers-in	7,895	13,582	-	19,874		-		-		197,778	1,285	36,383	29,000	305,597
Operating transfers-out		(27,903)	(13,582)							-	(80,845)	(1,273)	(7,258)	(130,861)
Issuance of debt	-	1,400,000		6,000						30,000	-	-	-	1,436,000
Total Other Financing Sources (Uses)	7,895	1,385,679	(13,582)	25,674	-	-	-	-	-	227,778	(79,560)	35,110	21,742	1,610,736
Net Change in Fund Balance	38,393	1,228,345	(21,952)	(4,064)	17,852	54,564	348	(84,013)	883	(155)	(1,059,910)	(229,051)	20,172	(38,588)
Fund balance (deficit), beginning	(78,128)	(33,934)	382,788	181,460	82,806	(111,077)	105,828	(39,706)	23,601	(9,250)	1,661,729	246,401	104,805	2,537,323
Fund balance (deficit), ending	\$ (39,735)	\$ 1,194,411	\$ 360,836	\$ 177,396	\$ 100,658	\$ (56,513)	\$ 106,176	\$ (123,719)	\$ 24,484	\$ (9,405)	\$ 621,819	\$ 17,350	\$ 124,977	\$ 2,498,735

**CITY OF CUMBERLAND, MARYLAND**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**JUNE 30, 2008**

	<u>Trash</u>	<u>Property Rental</u>	<u>Total Non-Major Proprietary Funds</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 7	\$ 131,230	\$ 131,237
Accounts receivable	118,498	-	118,498
Due from other governments	-	7,663	7,663
Total Current Assets	<u>118,505</u>	<u>138,893</u>	<u>257,398</u>
<b>Noncurrent Assets:</b>			
Buildings and improvements	-	1,283,793	1,283,793
Accumulated depreciation	-	(430,864)	(430,864)
Deferred charge	-	269	269
Total Non-Current Assets	<u>-</u>	<u>853,198</u>	<u>853,198</u>
Total Assets	<u><u>\$ 118,505</u></u>	<u><u>\$ 992,091</u></u>	<u><u>\$ 1,110,596</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	48,209	4,927	53,136
Accrued interest	-	980	980
Interfund payables, current	10,900	-	10,900
Current portion of bonds and notes payable	-	7,426	7,426
Total Current Liabilities	<u>59,109</u>	<u>13,333</u>	<u>72,442</u>
<b>Noncurrent Liabilities:</b>			
Interfund payables, non-current	304,335	-	304,335
Bonds and notes payable (net of current portion)	-	48,537	48,537
Total Non-Current Liabilities	<u>304,335</u>	<u>48,537</u>	<u>352,872</u>
Total Liabilities	<u>363,444</u>	<u>61,870</u>	<u>425,314</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	796,966	796,966
Restricted Net Assets	-	-	-
Unrestricted	(244,939)	133,255	(111,684)
Total Net Assets	<u>(244,939)</u>	<u>930,221</u>	<u>685,282</u>
Total Liabilities and Net Assets	<u><u>\$ 118,505</u></u>	<u><u>\$ 992,091</u></u>	<u><u>\$ 1,110,596</u></u>

**CITY OF CUMBERLAND, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Trash</u>	<u>Property Rental</u>	<u>Total Non-Major Proprietary Funds</u>
<b>Operating Revenues:</b>			
Charges for Services:			
Domestic	\$ 1,090,589	\$ -	\$ 1,090,589
Industrial	2,647	-	2,647
Rents/Concessions	-	205,172	205,172
Other	16,175	-	16,175
Total Operating Revenues	<u>1,109,411</u>	<u>205,172</u>	<u>1,314,583</u>
<b>Operating Expenses:</b>			
Utilities	-	33,320	33,320
Supplies	25,993	-	25,993
Repairs and maintenance	-	3,356	3,356
Landfill fees	456,149	-	456,149
Depreciation	-	45,911	45,911
Contractual Service	538,261	5,575	543,836
Other operating expenses	98,958	21,310	120,268
Total Operating Expenses	<u>1,119,361</u>	<u>109,472</u>	<u>1,228,833</u>
Operating Income (loss)	<u>(9,950)</u>	<u>95,700</u>	<u>85,750</u>
<b>Non-Operating (Expenses):</b>			
Interest expense	-	(3,143)	(3,143)
Amortization expense	-	(45)	(45)
Total Non-Operating (loss)	<u>-</u>	<u>(3,188)</u>	<u>(3,188)</u>
Net Income (loss) Before			
Contributions and Transfers	(9,950)	92,512	82,562
Operating transfers-in (out)	<u>-</u>	<u>(92,513)</u>	<u>(92,513)</u>
Net Income (loss)	(9,950)	(1)	(9,951)
Net assets-beginning of year	<u>(234,989)</u>	<u>930,222</u>	<u>695,233</u>
Net assets-end of year	<u>\$ (244,939)</u>	<u>\$ 930,221</u>	<u>\$ 685,282</u>

**CITY OF CUMBERLAND, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Trash</u>	<u>Property Rental</u>	<u>Total Non-Major Proprietary Funds</u>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 1,088,771	\$ 217,460	\$ 1,306,231
Cash payments to suppliers	(1,115,839)	(58,634)	(1,174,473)
Other operating receipts	16,175	-	16,175
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(10,893)</u>	<u>158,826</u>	<u>147,933</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating transfers from (to) other funds	-	(92,513)	(92,513)
Loans from other funds	10,900	-	10,900
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<u>10,900</u>	<u>(92,513)</u>	<u>(81,613)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Capital contributions	-	(7,663)	(7,663)
Acquisition and construction of capital assets	-	-	-
Principal paid on capital debt	-	(7,049)	(7,049)
Interest paid on capital debt	-	(3,236)	(3,236)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>-</u>	<u>(17,948)</u>	<u>(17,948)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	7	48,365	48,372
<b>Cash and Cash Equivalents at Beginning of Year</b>	-	82,865	82,865
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 7</u>	<u>\$ 131,230</u>	<u>\$ 131,237</u>
<b>Reconciliation of Cash to Statement of Net Assets</b>			
Cash balance-Statement of Net Assets	\$ 7	\$ 131,230	\$ 131,237
Investment balance-Statement of Net Assets	-	-	-
Cash and Cash Equivalents-Statement of Cash Flows	<u>\$ 7</u>	<u>\$ 131,230</u>	<u>\$ 131,237</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash     Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (9,950)	\$ 95,700	\$ 85,750
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	45,911	45,911
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(4,465)	12,288	7,823
Increase (decrease) in accounts payable	3,522	4,927	8,449
Net cash provided (used) by operating activities	<u>\$ (10,893)</u>	<u>\$ 158,826</u>	<u>\$ 147,933</u>
<b>Noncash operating, financing, and investing activities:</b>			
Capital contributions not yet received	<u>\$ -</u>	<u>\$ 7,663</u>	<u>\$ 7,663</u>

# Statistical Section

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

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### ***Financial Trends***

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### ***Revenue Capacity***

**71 - 77**

These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.

### ***Debt Capacity***

**78 - 80**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the near future.

### ***Economic and Demographic Information***

**81 - 83**

These schedules offer economic and demographic data to help the reader understand the Environment within which the City's financial activities take place.

### ***Operating Information***

**84 - 86**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

### **Sources:**

Financial Trend, Revenue Capacity and Debt Capacity data was compiled from various sources of information maintained by the City Finance Office and the Tax and Utility Office.

Economic and Demographic Information, and Operating Information were compiled from data maintained by the various departments within the City.

### **Notes:**

The City implemented GASB Statement 34 in FY 2003; schedules presenting government-wide information include information beginning in that year.

Where ten years of data is available, that information is presented. For consistency and comparability purposes, where ten years of data was not available, the City has presented data for the current year and ten years prior, if available.

## City of Cumberland, Maryland

### Net Assets by Category Government Wide, Last Six Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Governmental Activities</b>						
Invested in Capital Assets, Net of Related Debt	14,626,885	15,184,517	15,267,735	14,711,560	14,091,543	14,318,412
Restricted	1,114,859	641,121	505,291	734,463	749,796	657,169
Unrestricted	1,860,966	785,475	(534,608)	(588,266)	710,280	(1,765,789)
<b>Total Governmental Activities Net Assets</b>	<b>17,602,710</b>	<b>16,611,113</b>	<b>15,238,418</b>	<b>14,857,757</b>	<b>15,551,619</b>	<b>13,209,792</b>
<b>Business-Type Activities</b>						
Invested in Capital Assets, Net of Related Debt	28,936,326	32,351,648	33,492,177	33,748,518	35,809,340	38,588,994
Restricted	227,092	227,092	232,096	634,853	249,144	
Unrestricted	2,644,273	2,840,683	2,172,581	2,336,796	1,074,763	1,864,475
<b>Total Business-Type Activities Net Assets</b>	<b>31,807,691</b>	<b>35,419,423</b>	<b>35,896,854</b>	<b>36,720,167</b>	<b>37,133,247</b>	<b>40,453,469</b>
<b>Primary Government</b>						
Invested in Capital Assets, Net of Related Debt	43,563,211	47,536,165	48,759,912	48,460,078	49,900,883	52,907,406
Restricted	1,341,951	868,213	737,387	1,369,316	998,940	657,169
Unrestricted	4,505,239	3,626,158	1,637,973	1,748,530	1,785,043	98,686
<b>Total Primary Government Net Assets</b>	<b>49,410,401</b>	<b>52,030,536</b>	<b>51,135,272</b>	<b>51,577,924</b>	<b>52,684,866</b>	<b>53,663,261</b>

Note: Government-wide statement were not available until FY 2003.

# City of Cumberland, Maryland

## Changes in Net Assets by Category Government Wide, Last Six Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Governmental activities:						
General Government	1,507,459	2,101,017	2,229,057	1,924,694	2,529,184	2,719,050
Public Safety	9,244,760	8,609,865	8,889,680	9,729,813	10,001,075	11,400,713
Public Works	4,011,070	3,203,225	3,123,299	2,984,833	3,043,152	3,614,261
Recreation	957,612	975,202	1,025,874	1,051,627	984,452	1,231,744
Community Development and Housing	3,780,353	4,499,317	3,992,664	3,207,042	3,238,798	3,948,656
Interest on long-term debt	286,264	272,162	252,283	262,084	329,613	340,306
Total governmental activities expenses	19,787,518	19,660,788	19,512,857	19,160,093	20,126,274	23,254,730
Business-type activities:						
Water	5,352,997	5,302,049	5,663,826	5,833,754	5,690,721	5,974,681
Sewer	3,868,362	4,263,477	4,069,506	4,576,650	4,750,614	5,177,984
Municipal Parking Authority	412,183	394,348	393,676	427,664	387,032	408,599
Trash	542,392	729,114	775,255	1,060,739	1,085,377	1,119,361
Property Rental	70,616	69,381	67,670	130,848	73,890	112,660
Total business-type activities expenses	10,246,550	10,758,369	10,969,933	12,029,655	11,987,634	12,793,285
Total primary government expenses	30,034,068	30,419,157	30,482,790	31,189,748	32,113,908	36,048,015
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General Government	440,646	578,373	578,659	588,073	632,090	597,521
Public Safety	635,716	731,682	661,666	850,504	1,825,283	1,106,758
Public Works				14,986	4,106	1,549
Recreation	96,618	122,907	130,142	134,664	146,491	158,651
Community Development and Housing	75,742	71,437	78,652	86,723	111,423	92,655
Interest on long-term debt						
Operating grants and contributions	5,914,518	6,297,814	5,947,695	5,635,159	5,794,322	5,835,567
Capital grants and contributions	653,444	1,008,619	296,235	284,407	154,534	953,810
Total governmental activities program revenues	7,816,684	8,810,832	7,693,049	7,594,516	8,668,249	8,746,511
Business-type activities:						
Water	6,373,990	6,686,957	6,582,264	7,056,703	7,270,405	7,624,538
Sewer	4,088,688	4,213,406	4,339,904	4,732,152	4,674,930	4,863,377
Municipal Parking Authority	444,707	498,329	445,424	461,314	440,612	648,710
Trash	524,359	746,155	745,363	942,212	976,787	1,109,411
Property Rental	109,750	137,091	152,987	141,887	146,755	205,172
Operating grants and contributions						
Capital grants and contributions	2,408,026	2,824,151	370,258	612,707	451,607	2,788,679
Total business-type activities program revenues	13,949,520	15,106,089	12,636,200	13,946,975	13,961,096	17,239,887
Total primary government revenues	21,766,204	23,916,921	20,329,249	21,541,491	22,629,345	25,986,398
Net (Expense)/Revenue						
Governmental activities	(11,970,834)	(10,849,956)	(11,819,808)	(11,565,577)	(11,458,025)	(14,508,219)
Business-type activities	3,702,970	4,347,720	1,666,267	1,917,320	1,973,462	4,446,602
Total primary government net expense	(8,267,864)	(6,502,236)	(10,153,541)	(9,648,257)	(9,484,563)	(10,061,617)
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Property taxes	7,554,128	7,360,358	7,593,762	8,150,523	8,350,221	8,678,884
Franchise Fees <sup>1</sup>					246,754	247,550
Other taxes	143,552	133,645	141,977	139,034	153,686	178,467
Shared revenues	1,257,087	1,139,105	1,079,029	1,279,788	1,288,824	1,430,311
Unrestricted investment earnings	64,152	38,922	34,466	91,276	137,013	115,410
Miscellaneous	363,632	421,664	372,737	386,608	189,277	284,957
Transfers	1,082,465	764,665	1,225,142	1,137,687	1,786,112	971,858
Total governmental activities	10,465,016	9,858,359	10,447,113	11,184,916	12,151,887	11,907,437
Business-type activities:						
Unrestricted investment earnings	41,816	28,677	36,306	43,680	225,730	104,431
Transfers	(1,082,465)	(764,665)	(1,225,142)	(1,137,687)	(1,786,112)	(971,858)
Total business-type activities	(1,040,649)	(735,988)	(1,188,836)	(1,094,007)	(1,560,382)	(867,427)
Total primary government	9,424,367	9,122,371	9,258,277	10,090,909	225,730	104,431
Changes in Net Assets						
Governmental activities:	(1,505,818)	(991,597)	(1,372,695)	(380,661)	693,862	(2,600,782)
Business-type activities:	2,662,321	3,611,732	477,431	823,313	413,080	3,579,175
Total primary government	1,156,503	2,620,135	(895,264)	442,652	1,106,942	978,393

<sup>1</sup> Franchise Fees were previously reports as miscellaneous income in years 2003 thru 2006

Note: Government-wide statement were not available until FY 2003.

City of Cumberland, Maryland

Fund Balances - Governmental Funds  
Last Six Years

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	770,226	39,149	45,909	211,258	999,506	1,445,907
Unreserved	<u>1,535,038</u>	<u>1,142,663</u>	<u>(81,703)</u>	<u>8,176</u>	<u>64,288</u>	<u>(714,645)</u>
Total general fund	<u>2,305,264</u>	<u>1,181,812</u>	<u>(35,794)</u>	<u>219,434</u>	<u>1,063,794</u>	<u>731,262</u>
Housing Fund						
Reserved	14,858	30,711	34,585	29,340	19,636	30,041
Unreserved	<u>65,006</u>	<u>72,338</u>	<u>37,866</u>	<u>(15,681)</u>	<u>(21,042)</u>	<u>(42,550)</u>
Total housing fund	<u>79,864</u>	<u>103,049</u>	<u>72,451</u>	<u>13,659</u>	<u>(1,406)</u>	<u>(12,509)</u>
All Other Governmental Funds						
Reserved	640,256	593,562	571,268	568,889	511,654	1,882,533
Unreserved						
Special Revenue Funds	229,472	(73,186)	(221,023)	(281,823)	135,492	(5,014)
Capital Projects Funds	<u>927,551</u>	<u>299,643</u>	<u>(6,997)</u>	<u>(32,112)</u>	<u>1,890,177</u>	<u>621,216</u>
Total all other governmental funds	1,797,279	820,019	343,248	254,954	2,537,323	2,498,735
All Governmental Funds						
Total Fund Balance All Governmental Funds	4,182,407	2,104,880	379,905	488,047	3,599,711	3,217,488

Note: For Consistency purposes, financial data is only presented for the last six years, since the government-wide data was only available for those periods.



**City of Cumberland**  
**Changes in Fund Balances - Governmental Funds**  
**Last Six Years**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Revenues</b>						
Taxes	7,725,846	7,664,751	7,876,051	8,445,424	8,652,112	8,779,740
Licenses and permits	161,295	132,615	109,803	189,907	1,129,714	274,909
Intergovernmental	8,007,629	8,312,003	7,206,070	7,215,047	7,393,334	8,009,375
Charges for Services	862,361	1,026,313	1,002,146	1,123,787	1,210,380	1,331,927
Fines and Forfeitures	5,081	4,646	2,520	793	25	375
Interest	69,670	42,538	38,257	95,332	140,472	118,953
Miscellaneous	547,477	609,705	556,262	563,407	677,262	536,508
<b>Total revenue</b>	<b>17,379,359</b>	<b>17,792,571</b>	<b>16,791,109</b>	<b>17,633,697</b>	<b>19,203,299</b>	<b>19,051,787</b>
<b>Expenditures</b>						
Current Operations						
General Government	1,717,065	1,766,887	1,862,090	1,848,084	2,049,116	2,203,636
Public Safety	8,736,735	8,588,961	8,700,636	9,601,532	10,008,301	10,364,099
Public Works	3,104,463	2,747,694	3,184,789	2,467,915	2,608,485	3,087,626
Recreation	985,084	896,376	1,040,133	1,138,786	1,008,340	1,147,048
Community development and housing	3,963,105	4,719,401	4,116,848	3,505,883	3,362,049	4,090,933
Capital Outlay	452,363	1,503,702	449,720	116,420	916,129	2,077,914
Debt Service						
Principal	426,470	488,690	585,934	790,555	763,831	902,588
Interest	268,892	276,610	255,809	261,936	299,992	332,758
Bond issue costs			25,267	7,998	8,007	
<b>Total Expenditures</b>	<b>19,654,177</b>	<b>20,988,321</b>	<b>20,221,226</b>	<b>19,739,109</b>	<b>21,024,250</b>	<b>24,206,602</b>
<b>Excess (deficiency) revenue over expenditures</b>	<b>(2,274,818)</b>	<b>(3,195,750)</b>	<b>(3,430,117)</b>	<b>(2,105,412)</b>	<b>(1,820,951)</b>	<b>(5,154,815)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers-in	1,378,019	1,558,573	1,344,611	1,185,643	2,297,823	1,647,212
Transfers-out	(295,554)	(793,910)	(119,469)	(47,956)	(511,711)	(481,787)
Financing Proceeds	1,448,655	349,238	480,000	1,057,100	3,118,258	2,280,600
Refunding Proceeds		69,992		417,144	1,226,597	
Payment to refund bonds		(65,670)		(398,377)	(1,198,352)	
<b>Total Other Financing Sources (Uses)</b>	<b>2,531,120</b>	<b>1,118,223</b>	<b>1,705,142</b>	<b>2,213,554</b>	<b>4,932,615</b>	<b>3,446,025</b>
<b>Net change in fund balances</b>	<b>256,302</b>	<b>(2,077,527)</b>	<b>(1,724,975)</b>	<b>108,142</b>	<b>3,111,664</b>	<b>(1,708,790)</b>
<b>Debt Service as percentage of non-capital expenditures</b>	<b>3.82%</b>	<b>4.05%</b>	<b>4.50%</b>	<b>5.70%</b>	<b>5.44%</b>	<b>5.84%</b>

Note: Expenditures for Capital Assets are reported above as "Capital Outlays, as well as departmental expenditures. The total expenditures for capital assets is utilized for computing the ratio above.

<b>Total Expenditures for Capital Assets</b>	<b>\$ 1,471,191</b>	<b>\$ 2,100,452</b>	<b>\$ 1,534,452</b>	<b>\$ 1,272,265</b>	<b>\$ 1,454,302</b>	<b>\$ 3,036,705</b>
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Note: For Consistency purposes, financial data is only presented for the last six years, since the government-wide data was only available for those periods.

## City of Cumberland, Maryland

### Property Tax Levies and Collections

#### Last Ten Fiscal Years

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections and Credits</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections and Credits</b>	<b>Total Tax Collections and Credits</b>	<b>Percent of Total Tax Collections to Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
2008	6,566,258	5,933,129	90.36%		5,933,129	90.36%	385,231	6.49%
2007	6,210,956	5,986,973	96.39%	52,119	6,039,092	93.16%	171,864	6.72%
2006	5,315,397	5,122,796	96.38%	164,047	5,286,843	96.19%	28,554	3.63%
2005	5,185,638	5,002,804	96.47%	164,816	5,167,620	99.45%	17,017	0.39%
2004	4,993,434	4,817,654	96.48%	163,406	4,981,060	99.63%	12,374	0.27%
2003	4,774,182	4,528,706	94.86%	217,452	4,746,158	99.32%	28,024	0.63%
2002	4,674,414	4,485,582	95.96%	162,032	4,647,614	99.33%	26,800	0.59%
2001	5,456,464	5,231,337	95.87%	207,523	5,438,860	99.57%	17,603	0.33%
2000	5,437,916	5,190,257	95.45%	233,669	5,423,926	99.29%	13,990	0.26%
1999	5,211,756	4,951,061	95.00%	217,654	5,168,715	98.94%	43,041	0.83%

Note: The above information relates to property tax levies and collections in the General Fund.  
Total collections include adjustments in "total tax levy" in year prior to original tax levy.

Source: Property Taxes and Taxes Receivable – Uniform Financial Report.

# City of Cumberland, Maryland

## Assessed and Estimated Actual Value of Taxable Property

### Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Real Property</u>		<u>Real Property</u> <u>Total Direct</u> <u>Tax Rate</u>	<u>Personal Property</u>		<u>Privately Owned Railroads</u> <u>and Public Utilities</u> <u>(Personal Property)</u>		<u>Corporation Personal</u> <u>Property</u>		<u>Total</u>		<u>Personal</u> <u>Property</u> <u>Total Direct</u> <u>Tax Rate</u>
	<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>		<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u> <u>Value</u>	<u>Estimated</u> <u>Actual Value</u>	
2008	\$675,560,720	\$675,560,720	\$0.9654	\$2,164,894	\$2,164,894	\$37,694,880	\$37,694,880	\$75,428,421	\$75,428,421	790,848,915	790,848,915	\$2.6480
2007	651,505,538	651,505,538	\$0.9479	1,996,728	1,996,728	42,019,704	42,019,704	38,849,771	38,849,771	734,371,741	734,371,741	\$2.5680
2006	607,847,477	607,847,477	\$0.9479	2,145,639	2,145,639	41,165,849	41,165,849	45,560,670	45,560,670	696,719,635	696,719,635	\$2.5680
2005	543,954,320	543,954,320	\$0.9479	2,376,716	2,376,713	40,624,961	40,624,961	88,673,297	88,673,297	675,629,291	675,629,291	\$2.5680
2004	570,157,798	570,157,798	\$0.9479	2,462,827	2,462,827	41,645,527	41,645,527	34,375,911	34,375,911	648,642,063	648,642,063	\$2.5680
2003	545,342,890	545,342,890	\$0.8720	2,802,532	2,802,532	45,195,232	45,195,232	37,982,807	37,982,807	631,323,461	631,323,461	\$2.3700
2002	534,386,927	534,386,927	\$0.8720	2,710,844	2,710,844	43,907,131	43,907,131	37,465,889	37,465,889	618,470,791	618,470,791	\$2.5680
2001	208,582,385	208,582,385	\$0.8720	1,508,385	1,508,385	42,908,692	42,908,692	30,684,270	30,684,270	283,683,732	283,683,732	\$2.3700
2000	207,568,696	207,568,696	\$1.0400	2,758,664	2,758,664	40,886,183	40,886,183	33,380,503	33,380,503	284,594,046	284,594,046	\$2.6200
1999	198,753,473	198,753,473	\$1.0480	3,101,870	3,101,870	29,418,740	29,418,740	43,474,504	43,474,504	274,748,587	274,748,587	\$2.6200

**Notes:** As the result of a change to state law, all real property will be assessed at 100 percent of value, rather than 40 percent for the tax year beginning July 1, 2001

**Source:** Property Taxes and Taxes Receivable - Uniform Financial Report

## City of Cumberland, Maryland

### Property Tax Rates and Tax Levies (Real Property) – Direct Overlapping Governments

#### Last Ten Fiscal Years

<u>Fiscal Year Ended</u>	<u>Tax Rate per \$100 of Assessed Value</u>				<u>... Tax Levies ...</u>			
	<u>City</u>	<u>County</u>	<u>State</u>	<u>Total</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>Total</u>
<u>30-Jun</u>								
2008	0.9479	0.9829	0.112	2.04	\$6,403,640	\$6,640,086	\$756,628	\$13,800,354
2007	0.9479	0.9828	0.112	2.04	6,175,620	6,402,996	729,686	13,308,302
2006	0.9479	0.9309	0.112	1.99	5,308,503	6,485,763	780,325	12,574,591
2005	0.872	0.9248	0.132	2.00	5,183,117	6,248,219	891,830	12,323,166
2004	0.872	1.00	0.132	2.00	4,983,126	6,486,420	856,207	12,325,753
2003	0.872	0.9838	0.132	1.99	4,759,251	6,210,960	833,346	11,803,557
2002	0.872	0.984	0.084	1.94	4,670,932	6,085,752	519,515	11,276,199
2001	2.6	0.904	0.084	3.59	5,430,220	2,564,500	238,294	8,233,014
2000	2.62	0.904	0.21	3.73	5,445,044	2,572,730	597,647	8,615,421
1999	2.62	0.904	0.21	3.73	5,207,341	2,483,727	576,972	8,268,040

**Notes:** City Tax Levies calculated by adding full and semi levies. County and State calculated by using County assessment numbers in the Allegany County Comprehensive Annual Financial Report (2006) and (2007).

**Source:** Assessed value for County and State according to the Allegany County Comprehensive Annual Financial Report 2006 and 2007

# City of Cumberland, Maryland

## Ten Largest Taxpayers Corporation Real Property Taxes

Fiscal Year 2008

<u>Name</u>	<u>Assessment</u>	<u>Taxes</u>	<u>Percentage of Total Assessed Value of Real Property in the City</u>
CSX Transportation Inc	7,078,740	67,099	2.44%
Sacred Heart Hospital	6,416,700	60,824	2.21%
W2001 Eastern Hotel Realty LP	5,344,100	50,657	1.84%
S-N Realty LLC	5,177,232	49,075	1.79%
Perini Services-Devlin Manor	4,708,300	44,630	1.62%
Cumberland Manor Associates	4,000,000	32,229	1.17%
Cumberland Plaza Associates LP	3,559,000	33,736	1.23%
Memorial Hospital-Medical Center	3,335,232	31,615	1.15%
Western MD Health System Inc	3,298,066	31,262	1.14%
American Trust Bank	3,201,666	30,349	1.10%
Percentage of total taxes for year			15.71%
Total Corporate Real Property Tax	297,530,614	2,746,977	

Note: Ten years of data was not readily available, so for trend analysis data for the current year and ten years before is presented.

# City of Cumberland, Maryland

## Ten Largest Taxpayers Corporation Real Property Taxes

Fiscal Year 1999

<u>Name</u>	<u>Assessment</u>	<u>Taxes</u>	<u>Percentage of Total Assessed Value of Real Property in the City</u>
Cumberland Manor Associates	1,968,850	51,584	2.48%
W2001 Eastern Hotel Realty LP	1,517,090	39,748	1.91%
1050 Industrial Blvd LLC	1,258,240	32,966	1.59%
Memorial Hospital-Medical Center	1,245,730	32,638	1.57%
Cumberland Plaza Associates LP	1,243,000	32,567	1.57%
American Trust Bank	1,224,940	32,093	1.55%
Sacred Heart Hospital	1,127,730	29,547	1.42%
Steinbach, Louis & David Trustees	956,180	25,052	1.21%
Nationwide Health Prop Finance Corp.	938,210	24,581	1.18%
Avirett Development Company	909,920	23,840	1.15%
Percentage of total taxes for year			15.64%
Total Corporate Real Property Tax	81,562,940	2,076,140	

Note: Ten years of data was not readily available, so for trend analysis data for the current year and ten years before is presented.

# City of Cumberland, Maryland

## Ten Largest Taxpayers Corporation Personal Property Taxes

Fiscal Year 2008

<u>Name</u>	<u>Assessment</u>	<u>Taxes</u>	<u>Percentage of Total Assessed Value of Personal Property in the City</u>
Verizon - Maryland	\$17,353,570	\$445,640	22.03%
Potomac Edison Company	11,021,710	283,038	13.99%
Columbia Gas of Maryland, Inc	7,864,500	201,960	9.98%
CSX Transportation Inc	3,536,870	90,827	4.49%
Atlantic Broadband (Penn), LLC	2,865,370	73,583	3.64%
General Electric Credit Corporation	1,440,000	36,979	1.83%
Level 3 Communications	1,310,350	33,650	1.66%
Giant Food Stores, LLC	1,046,710	26,880	1.33%
The CIT Group/Equipment Financing	1,041,230	26,739	1.32%
HFS Lease Residual Holding, LLC	1,020,610	26,209	1.30%
Percentage of total taxes for year			61.57%
Total Corporate Personal Property Taxes	\$79,284,600	\$2,022,746	

Note: Ten years of data was not readily available, so for trend analysis data for the current year and ten years before is presented.

# City of Cumberland, Maryland

## Ten Largest Taxpayers Corporation Personal Property Taxes

Fiscal Year 1999

<u>Name</u>	<u>Assessment</u>	<u>Taxes</u>	<u>Percentage of Total Assessed Value of Personal Property in the City</u>
Verizon - Maryland	\$17,384,170	\$455,465	25.46%
Potomac Edison Company	11,473,630	300,609	16.81%
Columbia Gas of Maryland, Inc	6,115,290	160,221	8.96%
CSX Transportation Inc	4,010,880	105,085	5.87%
TCI Cablevision of Maryland, Inc	3,296,610	86,371	4.83%
Thomson Newspapers Inc	1,386,950	36,338	2.03%
Service Rental Center, Inc	779,410	20,421	1.14%
Agape Graphics, Inc	747,980	19,597	1.10%
IBM Credit Corporation	719,370	18,847	1.05%
Imaging Associates of Cumberland, Inc	677,200	17,743	0.99%
Percentage of total taxes for year			68.24%
Total Corporate Personal Property Taxes	\$68,670,469	\$1,788,767	

Note: Ten years of data was not readily available, so for trend analysis data for the current year and ten years before is presented.



## City of Cumberland, Maryland

### Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

#### Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Population</u> <sup>1</sup>	<u>Assessed Value (000's)</u> <sup>2</sup>	<u>Total Bonded Debt</u> <sup>3</sup>	<u>Proprietary Funds</u> <sup>4</sup>	<u>Governmental Funds (Net)</u>	<u>Net Governmental Bonded Debt to Assessed Value Ratio</u>	<u>Net Governmental Bonded Debt to Per Capita Ratio</u>	<u>Notes and Leases for Governmental Funds</u>	<u>Notes and Leases for Proprietary Funds</u>
2008	20,758	790,849	\$30,379,946	\$24,946,950	\$5,432,996	6.87%	\$261.73	\$3,817,476	\$3,322,252
2007	21,518	734,371	32,979,947	26,987,965	5,991,982	8.16%	278.46	\$2,019,579	\$3,310,224
2006	20,758	696,719	30,508,048	25,881,353	4,626,695	6.64%	222.89	\$1,002,193	\$514,854
2005	20,954	675,629	30,803,596	25,727,725	5,075,871	7.51%	242.24	\$267,708	\$33,556
2004	21,199	648,642	31,803,421	26,782,209	5,021,212	9.28%	284.03	\$428,304	\$52,499
2003	21,077	631,323	33,712,960	28,396,810	5,316,150	8.42%	252.23	\$268,491	\$62,210
2002	21,219	618,470	31,332,053	27,131,565	4,200,488	6.79%	197.96	\$361,966	\$78,150
2001	21,426	283,683	29,378,585	24,890,168	4,488,417	15.82%	209.48	\$411,184	
2000	21,596	284,594	28,632,484	23,921,466	4,711,018	16.55%	218.14	\$561,771	
1999	21,642	274,748	25,355,168	22,114,772	3,240,396	11.79%	149.73	\$660,157	

<sup>1</sup> Source: City of Cumberland – Community Development.

<sup>2</sup> Source: Property Taxes and Taxes Receivable – Uniform Financial Report.

<sup>3</sup> Source: Outstanding Debt at Years End – Financial Report.

<sup>4</sup> Source: Notes to the Financial Statements.

City of Cumberland, Maryland

Computation of Direct and Overlapping Debt

June 30, 2008

<u>Municipality</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the City Rounded</u>	<u>Amount Applicable to the City</u>
City of Cumberland <sup>1</sup>	\$5,432,996	100%	\$5,432,996
Allegany County , Maryland <sup>2</sup>	40,556,925	21.8%	8,841,410
Total debt and overlapping debt	\$45,989,921		\$14,274,406

<sup>1</sup> Source: Notes to the Financial Statement

<sup>2</sup> Source: According to the Allegany County Comprehensive Annual Financial Report

# City of Cumberland, Maryland

## Ratios of Annual Debt Service Expenditures

### For General Bonded Debt to Total General Governmental Expenditures

#### Last Ten Fiscal Years

<u>Fiscal</u> <u>Year</u> <u>Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt</u> <u>Service</u>	<u>Total General</u> <u>Governmental</u> <u>Expenditures</u>	<u>Ratio of Debt</u> <u>Service to Total</u> <u>General</u> <u>Governmental</u> <u>Expenditures</u>
2008	839,453	306,500	1,145,953	17,912,962	6.40%
2007	715,842	271,527	987,369	15,235,900	6.5%
2006	746,627	230,230	976,857	15,824,776	6.17%
2005	572,126	247,077	819,203	15,014,078	5.45%
2004	421,052	264,566	685,618	14,560,024	4.71%
2003	359,222	252,693	611,915	14,347,280	4.27%
2002	395,113	240,221	635,334	14,748,061	3.58%
2001	353,603	256,611	610,214	14,511,327	4.21%
2000	292,038	225,306	517,344	14,124,672	3.66%
1999	249,487	189,968	439,455	14,377,238	3.06%

Source: Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget and Actual, General Fund - Financial Report.

Revised: Original page reported governmental funds total expenditure of \$24,206,602 and ratio of 4.73% for FY 2008, when only general funds should have been utilized for ratio, as shown above.

## City of Cumberland, Maryland

### Economic and Demographic Statistics

<u>Calendar Year</u>	<u>Population</u> <sup>1</sup>
1950	37,679
1960	33,415
1970	29,724
1980	25,933
1990	23,712
2000	21,518
2005	20,915
2008	20,758

### Employment in Cumberland, Maryland<sup>2</sup>

2000 (estimated)	9,184
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	2007 Median Household Income <sup>3</sup>	2006 Per Capita Personal Income	2006 Total Personal Income (000's)
Allegany County	\$38,050	\$26,127	\$1,897,150
Maryland (Average)	68,080	46,646	10,220,968

<sup>1</sup> Source: City of Cumberland - Community Development-Legacy Plan

<sup>2</sup> Source: United States Census - 2000

<sup>3</sup> Source: <http://www.choosemaryland.org/factsandfigures/demographics/incomedata.html> (Income)

Note: Information was not available for ten year period, so trend data has been provided.

# City of Cumberland, Maryland

## Number of Employees for Ten Largest

### Employers within the City for FY 2008

<u>Employer</u>	<u># of Employees</u>	<u>Percentage of Total City Employment</u>
Western Maryland Health System	2,396	21.75%
CSX Transportation Inc.	925	8.40%
Allegany College of MD	265	2.41%
FAI Industries	155	1.41%
CBIZ Insurance	145	1.32%
Cumberland Times-News	130	1.18%
PharmaCare	130	1.18%
CareFirst BC/BS of Maryland	128	1.16%
Verizon, MD	112	1.02%
M&T Bank	110	1.00%
Total employees for ten largest employers	4,496	40.81%

Source: Information provided by Economic Development Office

Note: Information was not available for the past ten year period.

City of Cumberland, Maryland

Building Permits Issued and Property Values

Last Ten Fiscal Years

Fiscal Year Ended June 30	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	Number of Units	Value	Number of Units	Value
2008	27	\$28,073,590	54	\$5,093,844
2007	29	237,472,069	45	2,034,514
2006	40	13,042,211	104	7,313,839
2005	44	3,122,964	41	1,277,931
2004	38	13,830,750	37	2,034,276
2003	43	8,768,004	25	1,286,100
2002	34	11,473,530	28	1,283,584
2001	50	17,140,978	31	833,894
2000	33	8,012,000	25	671,806
1999	33	7,878,098	30	993,546

Source: Department of Community Development - Codes Technician

## City of Cumberland, Maryland

### Employees by Function June 30, 2008

#### **General Government**

##### Administration:

Mayor & Council	5
City Administrator	2
City Clerk	1
Personnel	2
Economic Development	3
Finance	13
MIS	4
Community Development	16
Parks and Recreation	8

##### Public Works:

Administration	3
Engineering	9
Vehicle Maintenance	6
Street Department	18

Police Department 54

Fire Department 65

#### **Enterprise Operations**

Water Distribution 24

Water Filtration 10

Waste Water 14

Flood/Sewer 12

**Total Employees 269**

Note: Information was not currently available for previous years.

City of Cumberland, Maryland  
Capital Assets Statistics by Function  
June 30, 2008

Function

**General Government**

Public Safety:

Stations	1
Number of Patrol Units	39

Fire:

Stations	3
Number of Vehicles	16

Public Works:

Streets (miles)	150.7
Traffic Signals	24

**Enterprise Operations**

Water Operations:

Miles of Water Main	142.24
Number of Fire Hydrants	932

Waste Water Operations:

Miles of Storm/Sanitary Sewers	122.72
Number of Treatment Plants	1

Note: Information was not currently available for previous years.



## City of Cumberland, Maryland

### Operating Indicators by Function June 30, 2008

#### Function

#### **General Government**

##### Building Permits Issued:

Commercial Permits Issued	27
Residential Permits Issued	54
Total Value of Permits Issued	\$33,167,434

##### Public Safety:

Traffic Citations (2007)	943
Arrests (2007)	2,066

##### Fire:

Number of Emergency Calls (2007)	4,515
Number of Fire Calls (2007)	1,200

##### Public Works:

Miles of Streets Maintained	133.57
Street Overlay Costs	\$146,648

#### **Enterprise Operations**

##### Water Operations:

Number of Service Connections	9,852
Average Daily Consumption (Gallons)	5.352 Million
Maximum Daily Capacity of Plant (Gallons)	15 Million

##### Waste Water Operations:

Number of Service Connections	8,888
Average Daily Treatment (Gallons)	12.676 Million
Maximum Daily Capacity of Plant (gallons)	15 Million

Note: Information was not currently available for previous years.